

# **On the literature of Canadian Nationalist Sentiment 1965 to 2006**

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# Selected readings on the literature of Canadian nationalist sentiment 1965 to 2006

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Volume 1: Academic writings (selection)  
*(Future Volume 2: the Marxist literature)*

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**Book 1: 1965 Grant to 1970 Warnock**

*Book 2: 1970 Teeple to 1977 Laxer, J & R*

*Book 3: 1977 Resnick to 2006 Watkins*

# **Lament for a Nation**

## **By George Grant (1965 -- 1994 Edition)**

**Foreword to the Carleton Library Edition (*excerpts*)**

**BY PETER C. EMBERLEY**

IN HIS 1970 INTRODUCTION to *Lament for a Nation*, Professor George Grant modestly expressed doubt whether his study had an enduring importance beyond the particular circumstances occasioning its appearance. He questioned whether his appeal to the distinctiveness of our political heritage would strike a responsive chord in a generation witnessing other historical events and participating in new social experiences. Yet, Grant's modesty aside, one should urge readers to renew their acquaintance with his passionate defense of our Canadian identity, if for no other reason than that we are still, and perhaps to an even greater extent, subject to widespread homogenizing, continentalist forces which have been shaping our destiny for the past two decades. **For those whose lives have been deeply affected by massive continental economic restructuring, who have begun to experience the political and social implications of living within the new continental trade region formed under the North American Free Trade Agreement, and who are attempting to navigate between equally powerful globalizing forces and the recrudescence of fragmenting local attachments, Grant's tocsin still warns with unsurpassed clarity of the dangerous shoals surrounding us.**

Grant's essay is of enduring importance, however, beyond the similarities between our own time and the historical circumstances within which *Lament for a Nation* was written. With this study, Professor Grant opened Canadian public debate, with frankness and depth, to include the most fundamental and perennial questions a nation must ask itself about the full meaning of its own political existence. He challenged us to reflect on the unique possibilities and limits constituting our destiny as Canadians. If it took as its point of departure Diefenbaker's opposition to nuclear warheads for the Bomarc missiles and his subsequent resistance to Kennedy's continental defense initiative, **Grant's study moved rapidly to broader questions concerning the difficult fate of a people in the modern age, whose experiences and ways of life evidence a complexity and depth greater than the equally pressing force of technological progress. How do forms of human existence in which people traditionally found meaning for their lives, Grant asked, stand in relation to the modern project on behalf of universal liberation and mastery of nature? Was it our fate as modern beings to live out the aridity and flatness of the culture defining the technological empire south of us? Were there phenomena in our own heritage, he challenged, which could sustain some resistance and provide moral ballast to the apparent soulless world order forming around us? Professor Grant confronted, in these questions, the complex issue of how to preserve some compass points amidst forces denying their relevance.**

*Lament for a Nation* should be respected as a masterpiece of political meditation. A meditation raises the reader from what is familiar and near, to a level in which the recollection of experiences and understandings reveals what is most enduring in our human existence.

(...)

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As Grant admits, *Lament for a Nation* is written both in anger and in sadness. But, it is also written out

of friendship. Anger is in this case the manifestation of righteous indignation, occasioned by a sense of injustice, and born from loyalty to and trust in a tradition of practices to which one believes one owes an allegiance.

(...)

*Lament for a Nation*, like Professor Grant's other works, is grounded on the principle that our interpretation of ourselves and what we perceive as meaningful is, in great part, brought forward within a "destiny" or "fate" (a "primal" as he would call it) which precedes our individual efforts and enables us to be the sort of beings we are.

(...)

This response would be complex. It is our difficult destiny as Canadians in North America, Professor Grant pointed out, to be faced with contradicting "primals." (...)

**Our country, Grant would say, was to be different from the United States: it would be a society which was more ordered, more reasonable, more caring, less violent, and less enthused by reckless dreams (given that among the personal nationalisms of big countries, the American acted his part as the dominant, master, society -- just as the Britisher had done before him -- in Canada as elsewhere: we grew up as North American 'country cousins' always distinct from our 'Brits' or 'Yanks' --Web Ed.)**

Existing in tension with this heritage, however, was another destiny, equally composing our way in the world. What we are, Grant explained, is also constituted by a milieu whose logic and direction had been unfolding since the beginning of modernity, with the American empire as its most expressive manifestation: being as technology.

(...)

*Lament for a Nation* is, however, more than a lament of a passing good and a dissection of the non-viability of nationalist or conservative discourse.

If it demonstrates the public irrelevance of those discourses, it does not assume their theoretical emptiness. (...) **How else could the passionate appeals of Western, Quebec, and Maritime nationalists evoke such enthusiasm; how else could our continuing efforts to negotiate and renegotiate satisfactory economic and military ties to our continental neighbours give rise to such debate and emotion; why else would regional separatist agitation inspire such a groundswell of support to renew our political institutions?**

**The questions Professor Grant demanded we confront still lie at the centre of our current political debates. How can Canada preserve fragments of a way of life and of understandings whose public relevance is doubtful to our ruling elites? Is it necessary to capitulate to the agenda of continentalist expansion, and what are the costs of such multinational efficiency to the Canadian workforce, its culture, social programs, and political independence? Is the promise of a global village, liberated to the latest technological contrivances, the reality of a universal tyranny? And beyond this, have the forces of progress unleashed further forces which are extinguishing not only the confidence in progress but also the commitment to the purposes we believe to be furthered by that progress? Finally, can a regime which has eclipsed the public relevance of experiences of either tradition or transcendence, be humanly satisfying?**

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Grant posed questions in *Lament for a Nation* which are at the heart of Canada's existence as a nation.

He himself offered no simple answers but illuminated the inevitable complexity and ambiguity of such questions as the proper intellectual territory of inquiry for the thinking mind. He was optimistic. We have been able to safeguard the complexity and ambiguity of those answers, and hence our humanity, by moral and political practices which respect plurality, dignity, and our higher purposes, and which abjure quick solutions, absolute certainties, and radical transformations. Grant asked us to ensure the same type of moderation for the present and the future. (*Note that both Grant and Emberley reflect only the beginning of the youth radicalization of the 1960s, when "radical transformations" were indeed put squarely on the agenda in Canadian society in the wake of protests against the US-led war in Vietnam --and Canadian complicity in the war -- along with women's rights, Quebec's and native rights, and defence of the Cuban Revolution -- Web Ed.*)

A chastening rhetoric both cleanses and purifies. If we were to speak of the enduring significance of *Lament for a Nation*, it would be that Professor Grant challenges us to respond to the deepest demands of our modern existence, both as dwellers on a continent defined by a great imperial power and as participants in the complex project of modernity. **He tries to teach us, against all odds, how we can still see what is beautiful and good in our own.** (i.e., in the 1960s how the weight of Canadian opinion could checkmate or alleviate the rampant military ambitions of our American cousins -- Web Ed.) Grant asks us to be aware of traces of practices, understandings, ways of life, and lived-experience which are pre-technological in our cultural and political legacy and manifest in "the evident experience of living." He knew we had also to accept the difficult tensions of technological society. His advice is a prescription of steering between local parochialism on the one hand and the deracinated life of the modern universal and homogeneous state on the other. It is a prescription demanding attentiveness and courage.

In the wake of the consensuses and discords of the Meech Lake Agreement and the Charlottetown Accord, the recurring threat of regional separatism, not to say fragmentation along innumerable social cleavages; the controversies and opportunities opened by the new continental trade partnership; and the fractious state of affairs at the international level where Canada continually reassesses its proper role, the courage and moderation counselled by Professor Grant seem as appropriate today as they were in 1963. It is just as important to remind today's political leaders how vital it is to place these new departures in the most comprehensive context -- historical and philosophical. This is especially important if we are one day to be called before the bar of history to justify and explain our watershed decisions. Our age seems forever animated by a sort of new-world visionary politics on which such policies seem to ride forward, and by awesome technological power at our behest which can quell all resistances. **This makes ours the time requiring the most sustained, responsible, and profound public debates concerning our continued existence. For such debates, Lament for a Nation has identified a set of symbols and a 'cosmion' [word not found in Websters! Author means: 'paradigm'? --Web Ed.] of meaning which might guide us with common sense and integrity, still understandable as the great guarantors of public decency.**

# **Lament for a Nation**

## **By George Grant (1965 -- 1978 Edition)**

### **Chapter One [The John Diefenbaker phenomenon --Web Ed.]**

NEVER HAS SUCH A TORRENT of abuse been poured on any Canadian figure as that during the years from 1960 to 1965. Never have the wealthy and the clever been so united as they were in their joint attack on Mr. John Diefenbaker. It has made life pleasant for the literate classes to know that they were on the winning side. Emancipated journalists were encouraged to express their dislike of the small-town Protestant politician, and they knew they would be well paid by the powerful for their efforts. Suburban matrons and professors knew that there was an open season on Diefenbaker, and that jokes against him at cocktail parties would guarantee the medal of sophistication. New agreements were produced. Such a progressive intellectual as EH. Underhill ridiculed Diefenbaker in the same accents as the editorials of the *Globe and Mail*. Socialist members of parliament united with the representatives of Toronto and Montreal business to vote his government from office. In my parish in southern Ontario, on the Sunday before the election of 1963, the Holy Eucharist was offered for "stable government," well expressing the unanimity of bourgeois intention. Only the rural and small-town people voted for Diefenbaker *en masse*, but such people are members of neither the ruling nor the opinion-forming classes.

The tide of abuse abated after the election of 1963. The establishment thought that it had broken Diefenbaker and could now afford to patronize him. But Diefenbaker has refused to play dead. He has shown himself capable of something the wealthy and the clever rarely understand - the virtue of courage. The patronizing airs are turning once more into abuse; the editorials and the "news" become increasingly vindictive.

It is interesting to speculate why Diefenbaker raised the concentrated wrath of the established classes. Most of his critics claim that he is dominated by ambition, almost to the point of egomania. They also claimed (while he was still in office) that he was dangerous because he was an astute politician who put personal power first. Yet his actions turned the ruling class into a pack howling for his blood. Astute politicians, who are only interested in political power, simply do not act this way. There must be something false or something missing in this description of his actions. To search for a consistent description is partly why I have written this book.

The search must be related to the title of this meditation. To lament is to cry out at the death or at the dying of something loved. This lament mourns the end of Canada as a sovereign state. Political laments are not usual in the age of progress, because most people think that society always moves forward to better things. Lamentation is not an indulgence in despair or cynicism. In a lament for a child's death, there is not only pain and regret, but also celebration of passed good.

*I cannot but remember such things were That were most precious to me.*

In Mozart's great threnody, the Countess sings of *la memoria di quel bene*. One cannot argue the meaninglessness of the world from the facts of evil, because what could evil deprive us of, if we had not some prior knowledge of good? The situation of absolute despair does not allow a man to write. In the theatre of the absurd, dramatists like Ionesco and Beckett do not escape this dilemma. They pretend to absolute despair and yet pour out novels and plays. When a man truly despairs, he does not write; he commits suicide. At the other extreme, there are the saints who know that the destruction of good serves the supernatural end; therefore they cannot lament. Those who write laments may have heard the propositions of the saints, but they do not know that they are true. A lament arises from a condition that is common to the majority of men, for we are situated between despair and absolute certainty.

**I have implied that the existence of a sovereign Canada served the good. But can the disappearance of an unimportant nation be worthy of serious grief? For some older Canadians it can. Our country is the only political entity to which we have been trained to pay allegiance. Growing up in Ontario, the generation of the 1920s took it for granted that they belonged to a nation. The character of the country was self-evident. To say it was British was not to deny it was North American. To be a Canadian was to be a unique species of North American.** Such alternatives as EH. Underbill's -- "Stop being British if you want to be a nationalist" -- seemed obviously ridiculous. We were grounded in the wisdom of Sir John A. Macdonald, who saw plainly more than a hundred years ago that the only threat to nationalism was from the South, not from across the sea. **To be a Canadian was to build, along with the French, a more ordered and stable society than the liberal experiment in the United States.** Now that this hope has been extinguished, we are too old to be retrained by a new master. We find ourselves like fish left on the shores of a drying lake. The element necessary to our existence has passed away. As some form of political loyalty is part of the good life, and as we are not flexible enough to kneel to the rising sun, we must be allowed to lament the passing of what had claimed our allegiance. Even on a continent too dynamic to have memory, it may still be salutary to celebrate memory. The history of the race is strewn with gasping political fish. What makes the gasping comic, in the present case, is its involvement with such ambiguous and contrasting figures as Pearson and Diefenbaker.

**Lamenting for Canada is inevitably associated with the tragedy of Diefenbaker. His inability to govern is linked with the inability of this country to be sovereign.** In the last years, many writers have described the confusions, contradictions, and failures of the Diefenbaker government. Even when Peter Newman has exuded malice, or Blair Fraser has hidden Liberal propaganda behind the mask of impartiality, their descriptions have often been accurate. Yet their accuracy is made suspect by their total argument. They rejoice that we have back in office the party of the ruling class. They generously allow that

the Liberal party had become arrogant by 1957, and that in a "democratic" system it is good to have alternative administrations. (For example, it gives our natural rulers a proper chastening. ) But they never grant that, for twenty years before its defeat in 1957, the Liberal party had been pursuing policies that led inexorably to the disappearance of Canada. Its policies led to the impossibility of an alternative to the American republic being built on the northern half of this continent. They never grant that the seeds of Canada's surrender lay in Mackenzie King's regime. This fact and Diefenbaker's inchoate knowledge of it are ignored by the journalists of the establishment. They never allow that when the Conservatives came to office they were faced with a situation that would lead, if not corrected, to the disappearance of their country's independence. No credit is given to the desperate attempts of Diefenbaker and his colleagues to find alternative policies, both national and international, to those of their predecessors.

Diefenbaker's confusions and inconsistencies are, then, to be seen as essential to the Canadian fate. His administration was not an aberration from which Canada will recover under the sensible rule of the established classes. It was a bewildered attempt to find policies that were adequate to its noble cause.

**The 1957 election was the Canadian people's last gasp of nationalism. Diefenbaker's government was the strident swan-song of that hope. Although the Canadian nationalist may be saddened by the failures of Diefenbaker, he is sickened by the shouts of sophisticated derision at his defeat. Those who crowed at Diefenbaker's fall did not understand the policies of government that were essential if Canada was to survive. In their derision they showed, whether they were aware of it or not, that they really paid allegiance to the homogenized culture of the American Empire.**

This meditation is limited to lamenting. It makes no practical proposals for our survival as a nation. It argues that Canada's disappearance was a matter of necessity. But how can one lament necessity -- or, if you will, fate? The noblest of men love it; the ordinary accept it; the narcissists rail against it. But I lament it as a celebration of memory; in this case, the memory of that tenuous hope that was the principle of my ancestors. The insignificance of that hope in the endless ebb and flow of nature does not prevent us from mourning. At least we can say with Richard Hooker: "Posterity may know we have not loosely through silence permitted things to pass away as in a dream."

## **Lament for a Nation**

**By George Grant (1965 -- 1978 Edition)**

**Chapter Two (*The demonization of John Diefenbaker -- Web Ed.*)  
(Notes by the author --Ed.) (All emphasis by the Web Ed.)**

**HOW DID DIEFENBAKER CONCEIVE CANADA? Why did the men who run the country come to dislike and then fear his conception? The answers demonstrate much about Canada and its collapse.**

Most journalists account for Diefenbaker's failure by the foibles of his personality. Influenced by *Time* magazine, politics is served up as gossip, and the more titillating the better. The jaded public wants to be amused; journalists have to eat well. Reducing issues to personalities is useful to the ruling class. The "news" now functions to legitimize power, not to convey information. The politics of personalities helps the legitimizers to divert attention from issues that might upset the status quo. Huntley and Brinkley are basic to the American way of life. Canadian journalists worked this way in the election of 1963. Their purposes were better served by writing of Diefenbaker's "indecision," of Diefenbaker's "arrogance," of Diefenbaker's "ambition," than by writing about American-Canadian relations. Indeed, his personality was good copy. The tragedy of his leap to unquestioned power, the messianic stance applied to administrative detail, the prairie rhetoric murdering the television - these are an essential part of the Diefenbaker years. But behind all the stories of arrogance and indecision, there are conflicts - conflicts over principles. The man had a conception of Canada that threatened the dominant classes. This encounter is the central clue to the Diefenbaker administration. The political actions of men are ultimately more serious than the gossip of *Time* and *Newsweek* will allow.

All ruling classes are produced by the societies they are required to rule. In the 1960s, state capitalism organizes a technological North America. The ruling classes are those that control the private governments (that is, the corporations) and those that control the public government which co-ordinates the activities of these corporations. North America is the base of the world's most powerful empire to date, and this empire is in competition with other empires. The civilians and soldiers who run its military operations increasingly crowd its corridors of power.<sup>1</sup>

Since 1960, Canada has developed into a northern extension of the continental economy. This was involved in the decisions made by CD. Howe and his men. Our traditional role -- as an exporter of raw materials (particularly to Europe) with highly protected industry in central Canada -- gradually lost its importance in relation to our role as a branch-plant of American capitalism. Our ruling class is composed of the same groups as that of the United States, with the signal difference that the Canadian ruling class looks

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across the border for its final authority in both politics and culture. As Canada is only gradually being called upon to play a full role in United States' world policies, our military is less influential at home than is

the case in the United States. Of all the aspects of our society, the military is the most directly an errand boy for the Americans.

*1. The use of the concept "American Empire" is often objected to, particularly by those who like to believe that the age of empires is over. They associate an empire with earlier patterns -- the British, the Spanish, and the French -- when Europeans maintained rule in distant parts of the globe by superior arms and control of the sea. But an empire does not have to wield direct political control over colonial countries. Poland and Czechoslovakia are as much part of the Russian Empire as India was of the British, or Canada and Brazil of the American. An empire is the control of one state by another. In this sense, the United States of America has an empire. (Emphasis by the Ed.)*

Our rulers, particularly those who enjoy wielding power, move in and out of the corporations, the civil service, and politics. For example, Mitchell Sharp was a leading civil servant under CD. Howe, directing the development of our resources by continental capitalism. With the fall of the Liberals, he had to move to Brazilian Traction. He had the gumption, however, to be interested in the revival of the Liberal party at its lowest ebb, and so today he exercises power as Minister of Trade and Commerce. The political members of the ruling class live more precariously than the businessmen and the civil servants, but if successful they have the pleasures of public power. For instance, it did not appear likely, before the election of 1957, that Pearson would be the leader of the Liberal party. A civil servant who had turned Minister of External Affairs was not close to the heart of those creating the new Canada from 1945 to 1957. Yet after the election of 1957, when many Liberal leaders immediately retreated into the cover of the corporations, he had the courage to stay with the inconveniences of politics. Today he and his friends have direct control over the government. On the other hand, Robert Winters, who could not stomach the inconveniences of opposition, must content himself with running Rio Tinto and York University.

From 1940 to 1957, the ruling class of this country was radically reshaped. In 1939, the United Kingdom still seemed a powerful force, and the men who ruled Canada were a part of the old Atlantic triangle. They turned almost as much to Great Britain as to the United States, economically, culturally, and politically. After 1940, the ruling class found its centre of gravity in the United States. During the long years of Liberal rule, the strength of the Conservative party was maintained by those who were still to some extent oriented toward Great Britain. The new rulers of the Howe era inevitably backed the Liberal party; economic and political power were mutually dependent.

(...)

*[Note 2. This may seem to be contradicted by the leadership in those years being in the hands of Manion*

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*and Bracken. In both cases these men were the choices of the Toronto group. For example, Bracken was supported for the leadership against Murdo Macpherson because, in 1943, the CCF was a real threat in*

*Ontario. It was hoped that by making a farmer head of the party, the rural ridings of Ontario would remain loyal provincially. Only with Drew did the Toronto group actually have one of its own.]*

**The cause of that defeat was a protest by Canadians not against the principles but against the pin-pricks of the Howe regime. The new engineers were not very agile in the legitimizing of power. In 1956, the Pipe-Line Debate was a signal example of failure to legitimize power. The Liberals openly announced that our resources were at the disposal of continental capitalism. The use of closure expressed the Howe administration's contempt for the "talking shop." So much did they identify their branch-plant society with the Kingdom of Heaven that they did not pay sufficient attention to the farmers or the outlying regions. Such regions existed for them as colonies of Montreal and Toronto. The Conservative victory was accomplished by local businessmen who felt excluded from their own country by corporation capitalism. Young men, ambitious for a life in politics, could not turn to the Liberal party, where the positions of power were well secured by the old pros. The Liberal's policy of satellite status to the United States, and their open attack on the British at the time of Suez, annoyed the residual loyalties of older Canadians.**

Diefenbaker made the most of these pin-pricks in his campaign of 1957. The victory of 1958 followed as the night the day. The masses wanted a change. The business community naturally backed the successful. What did it have to fear when as orthodox a servant of business as Donald Fleming was given the finance portfolio in 1957? Quebec found it necessary to get on the bandwagon. Even Diefenbaker's nationalist rhetoric stirred the old memories. He was mistaken, however, when he imagined that such rhetoric was central to his victory. Later he was to rely on it, when it no longer brought the same response.

**Within five years of gaining the largest majority in our history, Diefenbaker's government was defeated, and a new copy of the old regime was back in power. In this sense, at least, his administration had been a failure. Clearly he had not failed in sincerity, although the journalists of legitimacy even discounted that quality in him. They maintained that his nationalism was a cloak concealing the real man of ambition. But is it feasible to doubt his integrity at this point? In the Defence Crisis of 1963, his nationalism occasioned the strongest stand against satellite status that any Canadian government ever attempted. He maintained his stand even when the full power of the Canadian ruling class, the American government, and the military were brought against him. It is fair to maintain that such nationalism was misguided, but it is hardly honest to judge it to be insincere. What should be asked is: What kind of nationalism brought down on top of him the full wrath of a continental ruling class, and at the same time failed to produce feasible policies of government?**

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Diefenbaker saw his destiny as revivifying the Canadian nation. But what did he think that nation was? Certainly he had a profound -- if romantic -- sense of historical continuity. But a nation does not remain a

nation only because it has roots in the past. Memory is never enough to guarantee that a nation can articulate itself in the present. (Note 3). There must be a thrust of intention into the future. When the nation is the intimate neighbour of a dynamic empire, this necessity is even more obvious. Diefenbaker certainly saw his government as a spearhead of Canada's intention. His destiny was to revive a nation that had been disintegrating under the previous Liberal regime. Yet, because he was never specific about what Canada should be, he failed. In studying his government, one becomes aware of a series of mutually conflicting conceptions.

*[Note 3. National articulation is a process through which human beings form and re-form themselves into a society to act historically. This process coheres around the intention realized in the action. See Eric Voegelin, *The New Science of Politics* (Chicago: University of Chicago Press, 1952,), 37 et seq.]*

**Diefenbaker was committed to a Canadian populism. He believed that he represented all the people and all the regions of the country. As a criminal lawyer he had learnt that the interests of the small need defending against the powerful. After 1958, he often repeated: "Everyone is against me but the people." One of his chosen models was Franklin Delano Roosevelt, and he interpreted Roosevelt's success as an appeal to the people over the heads of the great.**

In the past, Diefenbaker's party had relied on support from the established classes in Ontario -- from men whose philosophy was hardly that of the fair share. **Diefenbaker contradicted his populism at the very beginning of his regime by appointing Donald Fleming the Minister of Finance. As an Ontario Tory, Fleming shared nationalism with Diefenbaker, but not populism. One of the comedies of this period was the tension between a Prime Minister set on populism and a Finance Minister who was even less Keynesian than Howe. It was ironic that Diefenbaker should have consented to a conversion loan that was obviously in the interest of the bond houses, while Fleming should have listened to his Prime Minister attacking the chartered banks over television. The tension between Diefenbaker and the business Conservatives was reconciled in the election of 1963. Nearly all the economic power deserted the Conservative party. He did not convince them with his nationalist appeals. The history of the breed does not make this surprising. The wealthy rarely maintain their nationalism when it is in conflict with the economic drive of the day.**

By 1957, many Canadians could do with a spot of populism. The Howe-Abbott-Harris regime had run the country in the interests of Toronto-Montreal and their representatives in other provinces. The regime was building an expansionist society for the entrepreneur, the salesman, and the stock-broker. Diefenbaker's increased welfare payments and aid to "outlying regions" showed him turning to the people. But populist

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democracy is a dying force in contemporary America. It belonged to the Saskatchewan or Wisconsin of Diefenbaker's youth, not to those who work for Simpson's-Sears or General Motors. When he combined his prairie populism with the private-enterprise ideology of the small town, it made a strange mixture.

Diefenbaker, the foe of bureaucracy and planning, went ill with Diefenbaker, the admirer of Roosevelt. Nor did his talk of free enterprise belong to an older Canadian conservatism, which had used public power to achieve national purposes. The Conservative party had, after all, created Ontario Hydro, the CNR, the Bank of Canada, and the CBC.

Populism plus small-town free enterprise was entirely inadequate, and it could not come to terms with the society that had arisen since the war. Central Canada had grown into an industrialized complex. Any government to remain in office had to meet the new needs of this sector. **A government set upon national revival had to do even more: it had to reverse the trend that was taking the keystone of the country and integrating it with Michigan and New York. Diefenbaker's administration did neither. He did not meet the needs of this heartland, and he realized no nationalist ends. His remarkable achievement was to alienate the support of both the rulers and the ruled in both Ontario and Quebec.**

The Conservatives came to power at a time when world economics were less favourably disposed to Canada than at any time since the war. The less prosperous felt the pinches of the recession which started in 1957. Diefenbaker did not meet this situation with any co-ordinated economic plan. The government only alleviated the growing unemployment by winter works, and scarcely touched upon the problems caused by automation. Diefenbaker lost the wide support he had once held among the ordinary people of Ontario. Those who were suffering came to think his nationalism was the usual political yapping. Once more the Conservative party was associated with unemployment and recession.

At the same time, Diefenbaker succeeded in antagonizing the citadels of corporate power. His talk of free enterprise meant no more to corporate wealth than Barry Goldwater's did in 1964. During the Howe era, the wealthy had become used to running the country; they assumed it was natural there should be an identity of interests between themselves and the Liberal government. It is quite clear that this identity was far less complete under the Conservatives, despite Donald Fleming, than under the Liberals. The Conservatives handled the machine of state capitalism less skilfully than had the Liberal smoothies.

**Not only did Diefenbaker lose political support in industrial Canada; he did not accomplish the work of economic nationalism. The "northern vision" was a pleasant extra, but no substitute for national survival. During his years in office, American control grew at a quickening rate. This was the crucial issue in 1957. If Canada was to survive, the cornerstone of its existence was the Great Lakes region. The population in that area was rushing toward cultural and economic integration with the United States. Any hope for a Canadian nation demanded some reversal of the process, and**

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**this could only be achieved through concentrated use of Ottawa's planning and control. After 1940, nationalism had to go hand in hand with some measure of socialism. Only nationalism could provide the political incentive for planning; only planning could restrain the victory of continentalism.**

**Later I will argue that no such combination was possible, and therefore our nation was bound to disappear. To write of "ifs" in history is always foolish. Nevertheless, if Diefenbaker had been a realistic nationalist, he would have had to try some such policy. He would have had to appeal over the heads of corporation capitalism to the masses of Ontario and Quebec. He would have had to mobilize the electorate to support the use of Ottawa's power for nationalist purposes. Above all, he would have had to have known that the corporation elite was basically anti-national.**

Perhaps a criminal lawyer who had spent his life between Prince Albert and Ottawa could remain unaware of what had happened in central Canada since 1940. After his sweeping victory of 1958, Diefenbaker even seems to have thought that he had become a leader of "all the people," a conception that corporation capitalism could never take seriously. Had he forgotten why he had been kept by the traditional Ontario classes from the leadership of his party for so long, and how he had come into power in 1957? **Never in Canadian history had a party come to power with fewer debts to large business than in the election of 1957. But Diefenbaker seems to have been blinded into believing that the powerful of central Canada could still be appealed to as "my fellow Canadians," and were not committed to continentalism by the very nature of what they did. He seems to have been blinded into believing that "Canadianism" could provide the basis for a harmony of interests between his populist nationalism and the new central Canada. The Canada he thought about was not the country he was required to govern.**

There is something naive about Diefenbaker's attacks on Toronto and Montreal business in the 1963 election, particularly in the light of the economic policies his government had pursued from 1958 to 1962. It is not surprising that the only literate and established voice on the side of Diefenbaker in the election of 1963 was Senator Grattan O'Leary, who was himself caught in the trap of romantic nationalism. Senator O'Leary also was a supporter of both nationalism and capitalism. He could presumably combine the two because he thought the leaders of Canadian capitalism after 1940 were still nationalists. There seems less excuse for such nonsense from the publisher of a great eastern newspaper than from a western lawyer. It is, nevertheless, startling that the western lawyer could still believe capitalists were nationalists after a term as Prime Minister. In short, Diefenbaker did not understand the economic implications of Canadian nationalism; he could not appraise the class structure realistically, and therefore he could not formulate the economic policies that were necessary if nationalism was to be more than rhetoric and romance. Even after his defeat, he does not seem to have learnt these lessons. As Leader of the Opposition, he attacked the measures put forward by

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Walter Gordon to limit the control of this country by American capital.

**Diefenbaker's confusion of populism, free enterprise, and nationalism can be seen in his dealings with James Coyne, the Governor of the Bank of Canada. Leaving aside the legal rights of the Bank or**

**the behaviour of the Governor or the Government, it is clear that Coyne was a firm Canadian.**[Note 4] **He advocated a "tight-money" nationalism that would protect Canada from foreign control. This may not have been the most effective protection, but it was at least one viable alternative.**

**Diefenbaker rejected it. He also rejected the only other possible nationalist alternative -- stringent governmental control of investment.** (*All emphasis by the Web Ed.*)

*[Note 4. One complication was that Coyne came from an old Liberal family. The affair illustrated Diefenbaker's failure to forget old differences when great issues were at stake.]*

The free-enterprise assumptions of the Diefenbaker administration led to actions that were obviously anti-national. In appointing the Glassco Commission as an equivalent to the Hoover Commission, the government seemed to be appealing to an element of the American "conservative" tradition. The civil service was investigated by the head of Brazilian Traction. Although such "conservatism" may be appropriate to the United States, it cannot be to Canada, where limiting the civil service in the name of free enterprise simply strengthens the power of the private governments. Such strengthening must be anti-nationalist because the corporations are continental.

Diefenbaker's relations with the civil service invite the writing of a picaresque novel. By including these strained relations under his failures, I do not imply that the fault lay all on his side. Too many civil servants had too closely identified themselves with Liberal men and Liberal measures before 1957, and some of these did not show the proper loyalty to the elected government after 1957. Some of the senior civil servants were certain they knew what was best for Canada, both internally and externally, and they were not willing to accept the fact that elected leaders could sensibly advocate alternative policies. In the summer of 1963, the photograph of Pearson being welcomed back to office by the deputy ministers showed how far the British conception of the civil service had disappeared [Note 5]. Nevertheless, that Diefenbaker failed to win the respect of the civil service was a disaster. No modern state can be run without great authority in the hands of its non-elected officials. In such an uncertain nation as Canada, the civil service is perhaps the essential instrument by which nationhood is preserved. The power of Ottawa has to be skilfully used by politicians to balance the enormous anti-national forces concentrated in the economic capitals of Toronto and Montreal. If Diefenbaker was to foster nationalism, he needed to win the respect of the civil service. The best civil servants were devoted to both the British account of their function and the conception of a sovereign Canadian nation. Only under Alvin Hamilton was a team of civil servants brought in to realize new goals.

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*[Note 5. The question will be raised later whether the civil service could have^ been persuaded to co-operate with nationalist policies, or whether its leading personnel were too deeply involved with international administration.]*

It was from George Drew that Diefenbaker inherited the free-enterprise policy of limiting the crown corporations. The Conservatives had long supported the Canadian Pacific Airlines in Parliament. It soon became evident that their objections to the Pipeline had been only constitutional. They did not object to the control of public resources by private and foreign capitalists, but simply to the way Howe had pushed that control through Parliament. The administration's policy toward broadcasting is extraordinarily difficult to reconcile with any consistent nationalism. The Conservatives had long advocated a reassessment of broadcasting policy and the creation of a supervisory power to stand above both the CBC and the private broadcasters. For years Fleming had been advocating more power for private broadcasters, and he had gained support for his party when they really needed it. The Conservatives also justifiably felt that the CBC, then as today, gave too great prominence to the Liberal view of Canada. The broadcasting policy of the Conservatives was a compromise between various elements in the party. Diefenbaker and Nowlan restrained the Toronto Tories from an all-out attack on the CBC. But the Board of Broadcast Governors was implemented; a private television network was established; licences for television stations were ladled out to prosperous party supporters. **Thus the Conservative party became identified with an attack on one of the central national institutions. It was forgotten that the CBC had been established by a Conservative government under Bennett, in order to maintain national control over broadcasting and to prevent the airwaves being used simply for private gain. The encouragement of private broadcasting must be anti-nationalist: the purpose of private broadcasting is to make money, and the easiest way to do this is to import canned American programs appealing to the lowest common denominator of the audience. Diefenbaker's policy was not even politically successful. John Bassett did not have the stuff of loyalty, and turned on Diefenbaker in 1963.**

**The most bewildering aspect of Diefenbaker's nationalism was his failure to find effective French-Canadian colleagues. The keystone of a Canadian nation is the French fact; the slightest knowledge of history makes this platitudinous. English-speaking Canadians who desire the survival of their nation have to co-operate with those who seek the continuance of Franco-American civilization. The failure of Diefenbaker to act on this maxim was his most tragic mistake. The election tactic of 1957, by which the Conservatives made no appeal to French Canada, helped to gain them an initial plurality.** This may have been necessary after all the years of Liberal doubletalk. The cynical belief that Quebec would go along with the winning side proved correct in 1958. How, on so base a motive, did Diefenbaker expect to build a permanent loyalty to the Conservative cause among a sophisticated and threatened people? With fifty Quebec seats behind him from 1958 to 1962, Diefenbaker does not seem to

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have sought serious French lieutenants who could mediate the interests of their people to the rest of the country. He seems to have contented himself with the rag and bobtail of the *Union Nationale*. Despite present propaganda, there were noble elements in that party. Even after the death of Duplessis, in

September of 1959, Diefenbaker does not seem to have tried to bring such obvious Quebec conservatives as Bertrand into his cabinet. Duplessis's death was followed immediately by that of his successor, J.M.P. Sauve, in January of 1960. This was the deepest blow that Canadian conservatism ever sustained. Sauve could have become the first French-Canadian Conservative Prime Minister. However, this disaster need not have prevented Diefenbaker from seeking out other leaders from the *Union Nationale*.

**There was one aspect of Diefenbaker's nationalism that was repugnant to thoughtful French Canadians, however attractive to English-speaking Liberals and New Canadians. He appealed to one united Canada, in which individuals would have equal rights irrespective of race and religion; there would be no first- and second-class citizens. As far as the civil rights of individuals are concerned, this is obviously an acceptable doctrine. Nevertheless, the rights of the individual do not encompass the rights of nations, liberal doctrine to the contrary. The French Canadians had entered Confederation not to protect the rights of the individual but the rights of a nation. They did not want to be swallowed up by that sea which Henri Bourassa had called "l'américanisme saxonant."**

Diefenbaker's prairie experience had taught him to understand the rights of ethnic and religious communities, such as the Ukrainians and the Jews. He was no petty Anglo-Saxon homogenizer who wanted everybody to be the same. He had defended the rights of communities to protect their ancient cultural patterns. But in what way was this different from the United States, where Polish and Greek Americans keep their remembrances while accepting the general ends of the Republic? **The French-Canadian nation, with its unique homeland and civilization, is quite a different case. The appeal of a nation within a nation is more substantial than that of the Ukrainians or the Jews. For Diefenbaker, the unity of all Canadians is a final fact. His interpretation of federalism is basically American. It could not encompass those who were concerned with being a nation, only those who wanted to preserve charming residual customs.**

**This failure to recognize the rights of French Canadians, qua community, was inconsistent with the roots of Canadian nationalism. One distinction between Canada and the United States has been the belief that Canada was predicated on the rights of nations as well as on the rights of individuals. American nationalism was, after all, founded on the civil rights of individuals in just as firm a way as the British appeal to liberty was founded on these rights. As the price of that liberty, American society has always demanded that all autonomous communities be swallowed up into the common culture. This was demanded during the Civil War; it was demanded of each immigrant; it is still the basis of the American school system. Diefenbaker appealed to a principle that was more American than Canadian. On this**

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**principle, the French Canadians might as well be asked to be homogenized straight into the American Republic. In so far as he did not distinguish between the rights of individuals and the rights of nations, Diefenbaker showed himself to be a liberal rather than a conservative. (Ironically**

*Grant here attributes recognition of Quebec's right to self-determination as a conservative policy -- Ed.)*

To explain the failure of prairie nationalism to understand French Canada, I must turn to the older quarrels that have beset the nation. The two original peoples, French and Catholic, British and Protestant, united precariously in their desire not to be part of the great Republic; but their reasons were quite different. This union was precarious partly because the preponderant classes of British stock were determined that the Canadian nation should support the international policies of the British Empire, whereas the French were either indifferent or hostile to these policies. In the Boer War and the World Wars of 1914 and 1939, the English-speaking Canadians forced their determination on the French. Many of the Conservatives who came to power with Diefenbaker -- Gordon Churchill, Alvin Hamilton, Douglas Harkness, George Pearkes, George Hees -- were men of the 1939 war. They had taken many of their views of French Canada from their bitterness over the Conscription Crisis, in which Mackenzie King had seemed to support French isolationism. Diefenbaker and Howard Green were of the generation that had seen Canadian nationalism and pro-Britishness closely united. It was this that gave their nationalism some real bite in an era swamped by continentalism. It is well to remember that the anti-British nationalists of English-speaking Canada in the 1930s have nearly all shown the emptiness of their early protestations by becoming consistent continentalists later on. Nevertheless, the very tradition that bred so intense a nationalism in Diefenbaker and Green and Churchill inhibited them from coming to terms with French Canada and finding a base for the Conservative party in Quebec. **In the Defence Election of 1963, it was a sad fact for Canadian nationalism that Green and Diefenbaker were unable to find any support for their policies in Quebec, although they were a government keeping nuclear arms off Canadian soil. By this stage in our history, Diefenbaker's and Green's nationalism was taking the form of a new kind of neutralism, a simple refusal to accept any demand from the present imperialism.** It might have been thought that such a policy would have appealed to elements in Quebec. Indeed, to maintain such a policy Diefenbaker needed that support. It was not forthcoming. It was impossible for prairie nationalists and French-Canadian nationalists to get together. During the five years of his immense power, Diefenbaker had not encouraged French-Canadians to feel sympathy for the nationalism he advocated, and populism in Quebec had turned to the Social Credit movement. The very nature of Diefenbaker's Protestantism made him unsympathetic to Catholic Quebec. He even broke with tradition and did not appoint an Ontario Catholic to his Cabinet -- this during a period when the Catholic population was a stronger force than ever before. Only after dissolution in 1963 did he appoint Frank McGee to his Cabinet.

**Diefenbaker's nationalism included contempt for the intellectual community, particularly the one**

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**found in the universities. In the age and community in which he spiritually belonged, this would not have been an important failure. The universities had no great political place in the 1920s and 1930s; but in the 1950s and 1960s, they were playing a more public role. Both Roosevelt and Kennedy had**

**found it useful to harness elements from the intellectual community to their administrations.**

**Diefenbaker was unwise to treat the university community with the neglect and contempt that he did.**

To take one example -- it is difficult to believe that the leading contemporary theorist of the conservative view of Canadian history, Professor D.G. Creighton, should never have been used on the manifold boards, councils, commissions, etc., that formulate our national policies. Not only was he the biographer of Diefenbaker's hero, Sir John A. Macdonald, but Creighton had defined the conservative view of Canada to a whole generation. He had the courage to do this when a definition of conservatism was not being welcomed by the Liberal establishment. Did not Diefenbaker know that the existence of Canada depended on a clear definition of conservatism? Did he not know that there had been diverse formulations of the meaning of Canadian history? For most of his appointments to Royal Commissions and other bodies, Diefenbaker chose the established wealthy or party wheel-horses. When he did choose from the university community, he turned to administrators and technicians, to those with the minimum of intellectual conviction. In the election of 1963, Diefenbaker had no support from the intellectual community, although he was standing on the attractive platform of Canadian sovereignty. This is a measure of how far he had carried yahooism in his years of office. He acted as if friendship with public-relations men and party journalists was a sufficient means to an intellectual nationalism. (*All emphasis by the Web Ed.*)

(end Chapter 2)

## **Lament for a Nation**

**By George Grant (1965 -- 1978 Edition)**

*(All emphasis by the Web Ed.)*

### **Chapter Three [*The defence crisis of 1962-63 -- Ed.*]**

**THE DEFENCE CRISIS of 1962** (a reference to the "Cuban Crisis" -- the aborted US-led Bay of Pigs invasion -- ed.) **and 1963 revealed the depth of Diefenbaker's nationalism. Except for these events, one might interpret him as a romantic demagogue yearning for recognition. But his actions during the Defence Crisis make it clear that his nationalism was a deeply held principle for which he would fight with great courage and would sacrifice political advantage. Nothing in Diefenbaker's ministry was as noble as his leaving of it. The old war-horse would not budge from his principle: The government of the United States should not be allowed to force the Canadian government to a particular defence policy. His determination to stand on that belief finally convinced the ruling class that he was more than a nuisance, that he must be removed.**

One comedy in these tragic events was that the intellectuals could not recognize that Diefenbaker was standing on principle. Such a recognition would have been outside the scope of the class-liberalism by which North-American intellectuals live. The literati had assessed Pearson to be the intellectual of principle who did not know the political arts, and Diefenbaker as the tough provincial politician interested in succeeding at all costs. Yet **Diefenbaker was willing to bring the dominant classes of society down on his head; while Pearson changed his defence policies to suit the interests of the powerful. After the Cuban Crisis, Pearson acted with great political skill to unite the powerful forces of continentalism around him.**

The crisis over defence blew into an issue after October of 1962, when Kennedy demanded that Castro's Cuba remove its missiles. A conflict had long been brewing between Howard Green, the Minister of External Affairs, and the military, whose spokesman in the Cabinet was Douglas Harkness, the Minister of Defence. **It was brought to a head over Cuba because it was rumoured that in the crisis between the United States and the USSR, the Canadian government had been slow in alerting Canadian forces involved in North-American defence. The facts of Canadian action in October of 1962 are still in dispute. It is certainly clear that influential sections of the Canadian military did not think that the government had properly acquiesced in NORAD. The issue soon rose to much greater proportions. Diefenbaker had buzzing around his ears the American government, the military, and soon the uproar of the Canadian power elite with its press. Under Pearson, the Liberal party became the spokesman of these forces. Whether Canada should arm the Bomarc missiles with atomic warheads became the issue at stake. Pearson, who had previously argued that Canada should not accept nuclear arms, turned round and asserted that any government of his would promptly negotiate their acceptance.**

The crisis is illuminated by the forces that confronted Diefenbaker during those months. The Canadian head of a great American soap company first questioned publicly the government's relations with the United States. Hellyer and Pearson reversed the Liberal defence policy. The supreme Commander at NATO, General Norstad, gave a press conference in Ottawa under the auspices of the Canadian military, in which he implied that Canada was not living up to its commitments. The American State Department issued a memorandum denying the veracity of the Canadian Prime Minister on the matter. The three Toronto newspapers (two of them traditionally Conservative) came out on the same day for Diefenbaker's removal. Through all the abuse that Diefenbaker has suffered, he may well remember that it took the full weight of the North-American establishment to bring him down. He may well remember that, in the election of 1963, he still maintained nearly one hundred seats in Parliament when all the resources of the establishment were against him.

In the months of the crisis, there was a clear distinction between the motives of Green and Diefenbaker. They were old and trusted friends, deeply shaped by the same tradition of Canadian conservatism. Green had nominated Diefenbaker for the leadership of his party as long ago as 1948 when George Drew won the contest. When he became Minister of External Affairs in 1959, Green was clearly Diefenbaker's first lieutenant. In this office, his first consideration was that Canada's best role in international affairs should be to use its influence for disarmament. He believed that Canada's acquisition of nuclear arms would add to nuclear tension and diminish Canadian influence abroad. In all this he took for granted that there was such an entity as "Canada," that it was sufficiently a sovereign nation for this kind of policy to be possible. During and after the Cuban Crisis, another factor came more to the fore. Green publicly questioned American actions around the world, not only in Laos and Vietnam. He went as far as to warn the Americans that their preponderant power might tempt them to be bullies. Indeed, in those months he expressed a deeper disquiet about the role of the United States in the world than any Canadian leader had done for generations. In Parliament, on January 24, 1963, he [Green] said: ["The Cuban episode has made perfectly clear that in the world today the preponderance of power is with the United States. No longer is it a question of two great equal nuclear powers. I suggest that at the present time the United States is beyond any shadow of doubt preponderant in power. That, Mr. Chairman, may constitute quite a temptation. When you are the biggest fellow in the school yard it is quite a temptation to shove everybody else around. Now, I am confident that there will be no such development in United States policy. I am confident that they will not adopt a policy of getting tough with their allies. For Canada, of course, it is particularly important whether anything of that kind develops."]<sup>6</sup>

NOTE 6: See *Hansard* of that date, 3067.

Whether he [Green] was wise to be so explicit depends on how one interprets the role of the United States in the world, and this question cannot be undertaken here. Suffice it to say that for those who accept Howard Green's interpretation, his actions during those months make him one of the rare politicians who literally deserve the prefix "Right Honourable." Whether wisely or not, Canada played a more independent role internationally during those short months than ever before in its history. It was not likely that the American government under Kennedy would take such talk lightly from its closest "ally." The gentler regime of Eisenhower was a thing of the past. In 1962, Kennedy had made clear that the United States was no longer going to take any nonsense from its allies. An air of innocence pervades Green's statements about the United States. He spoke as if his comments would be taken in friendship. He seemed unaware that he was an official in a satellite country. Can an ant be an ally with an elephant?

Diefenbaker stood for a much more limited nationalism. He did not criticize American world policy, but insisted that Canadian defence policy should not be determined in Washington. Only at one point did he by implication criticize American world policy. In calling for the UN to investigate Cuba, he implied that he did not automatically accept Kennedy's account of the facts. At no other time did he imply any criticism of America's world role; he simply affirmed his belief in Canadian sovereignty. In his speech to Parliament on February 5, 1963, just before it voted down his government -- surely a great document of Canadian nationalism -- he did not attack American policy even when the weight of the American government was being used against him through General Norstad's press conference and the press release on Canadian relations by the American State Department.<sup>7</sup> Even during the following election, when he was under attack by such friends of the Kennedys as the publisher of *Newsweek*, and when the Liberals had the Kennedys' own election expert Louis Harris advising them, he refrained from any attack on the aims of the American Empire. He continually repeated that Canada should settle its defence commitments after the facts were clarified by the NATO meetings in May of 1963. His opponents successfully raised the cry of "indecisiveness." (Decisiveness had become a good slogan under the Kennedys.) They explained his actions by saying that he was trying to have the best of Harkness's and Green's positions for the low motive of political success. Such an explanation cannot hold water for the simple reason that he was willing to let Harkness go, and in doing so he must have known the price he was paying. His speech at the dissolution of parliament made clear that the one thing he would not stomach was the United States government determining Canadian defence policy.

Note 7: On his first trip abroad, after his Inauguration in 1961, Kennedy had come to Ottawa and made a strong pitch for Canada's membership in the OAS (*the US-dominated Organization of American States -- South, Central and Caribbean states -- Ed.*), which was met without response from the Canadian government and Parliament. The President had also publicly announced that the United States was going to demand greater cooperation from its "allies," even if this meant less ease in friendship. In light of these events, it is surprising how Diefenbaker showed himself little ready for the great pressure that the American government would exert for the overthrow of his regime. Because of his early assassination, Kennedy's policy of exerting pressure on his "allies" only succeeded with two countries, Canada and the United Kingdom.

**Diefenbaker and General Pearkes, the Defence Minister before Harkness, had negotiated the acceptance of the Bomars when they scrapped the Arrow program. The Bomars were useless without nuclear warheads. It was claimed that in refusing the warheads Diefenbaker was reneging on his own commitment to the United States. It was even claimed that he might not have understood the nature of the original commitment. In refusing to make up his mind about accepting the warheads, he was accused of being "indecisive." The "bad ally" and "the man of indecision" became Liberal images for the campaign.**

Diefenbaker answered these charges in his speech to Parliament on January 25, 1963.<sup>8</sup> He claimed that the acceptance of warheads for the Bomars had always been conditional on needing them for the defence of the alliance. Defence technology was in constant flux, and it was no longer clear that warheads were necessary. **He maintained that the decision should await the NATO meetings in May of 1963, when there was to be an over-all assessment of the military needs of the alliance. The interests of world peace demanded that warheads should be kept off Canadian soil until it was certain that they were needed. This speech illuminates his assumptions about Canada's place in the world.**

Note 8: It will be well for historians to read the *Hansard* of that day. By this stage in the crisis, the press was baying for Diefenbaker's blood, so the force of his arguments was not given much public prominence.

He was no pacifist, no unilateralist, nor was he sentimental about Communism. If nuclear arms were necessary for North-American defence, Canada would take them. He also assumed that NATO was an alliance and not simply an American instrument. (After all, it was the Russians who had maintained the contrary for many years.) Canada's sovereignty entailed that our defence policy be determined in Ottawa. These last two assumptions did not correspond with reality and could not be politically sustained in the climate of Diefenbaker's own country.

How much was Diefenbaker aware that Canadian nationalism was no longer an effective rallying-cry in the urban Canada of 1963? **Did a man with his past realize how much the structure of society had been changed in the Howe era so that the ruling class was no longer indigenous? Was he aware that a branch-plant society could not possibly show independence over an issue on which the American government was seriously determined? Most Canadians were as convinced as the American public that Kennedy had been right doing what he did in Cuba, and that his actions showed the wisdom of "decisiveness" in foreign policy. So "decisiveness" was subtly identified with Canada's need to have atomic arms. (But no opinion polls were taken in this period and anyone living through this "crisis" can vividly recall the universal overwhelming anxiety of imminent nuclear conflict at the time --Ed.)**

Green's appeal to a gentler tradition of international morality had little attraction for the new Canada, outside of such unimportant groups as the Voice of Women. It seems likely that Diefenbaker actually believed that NATO was an alliance of sovereign states, not an instrument of the American Empire. Pearson had always acted internationally from different premises. His unequivocal praise of American action in Cuba showed that he knew there was a difference between Canadian initiative limiting the actions of a dying British power at the time of Suez and Canadian influence limiting the actions of the American Empire. He could use the rhetoric of "internationalism" even more effectively than Green, but he knew it for what it was. (*Note Grant's confused concept of 'internationalism' in this context! --Web Ed.*)

Can it be denied that the actions of the Kennedy administration were directed toward removing an

unreliable government in Ottawa rather than to guaranteeing a specific commitment? **The American Secretary of Defense, Robert v McNamara, made clear that the Bomars were not essential to the defence of North America. Diefenbaker and Green must have seemed too suspicious of American motives to be allowed to remain in office.**<sup>9</sup> **Their relation to the OAS and Cuba endangered what lay ahead in South America.** Kennedy was a past master in the use of power for personal and imperial purposes. Historians will only be able to speculate about what Pearson and Kennedy discussed before the dinner for Nobel-Prize winners at the White House in 1962.

*Note 9: In the election of '63, American officials followed Green to his political meetings. It was innocent of Green to object to this. Did he not know how the CIA considered South American elections?*

The Defence Crisis illustrated how profoundly Diefenbaker's Canadianism was bound up with the British connection. Since 1914, Britain had ceased to be a great power. Both Green and Diefenbaker continued to accept as real, however, the meaning of Canada's membership in the British Commonwealth. The character of Canada as British North America was in their flesh and bones. **Yet it was their (Green's and Dief's) fate to be in charge of the Canadian government at the time that the English ruling class had come to think of its Commonwealth relations as a tiresome burden, when the wealthy of Canada had ceased to be connected with their British past.** It is easy for the clever and the rootless to point out the mistakes that Diefenbaker and Green made in this regard; it is kinder, however, to sympathize with these men of deep loyalty, who found themselves impotent in the face of their disappearing past.

The British connection had been a source of Canadian nationalism. The west-east pull of trade -- from the prairies, down the Great Lakes and the St. Lawrence, to western Europe -- provided a counter-thrust to the pull of continentalism. It depended on the existence of a true North Atlantic triangle. But the Britishness of Canada was more than economic. It was a tradition that stood in firm opposition to the Jeffersonian liberalism so dominant in the United States. By its nature this conservatism was not philosophically explicit, although it had shaped our institutions and had penetrated into the lives of generations of Canadians. Green and Diefenbaker were of this tradition. Such Canadians could not give their loyalty to the great Republic to the south. This did not imply anti-Americanism, simply a lack of Americanism. **In the election of 1963, Diefenbaker was accused of anti-Americanism, but he was surely being honest to his own past when he said that he thought of his policies as being pro-Canadian, not anti-American.** During the Howe era, this older Canadianism disappeared first in Toronto and Montreal, cities that once prided themselves on being most British. But ways of life die hard, and this loyalty still survived in the less modern parts of Canada. Loyalty cannot quickly be destroyed by economic circumstances because it does not depend on economics alone. **In his speech at dissolution in 1963, Diefenbaker spoke with unerring historical appropriateness when he reminded his hearers of the Annexation Manifesto of 1849\*. The economic self-seekers had never been the ones to care about Canada as a nation.** /\*see Wikipedia entry on the 1849 Manifesto in George Grant Chapter Six endnote -- Ed.]

With his passionate sense of British North America, Diefenbaker took office at a time when the Suez venture had driven home to the English their exact place in the world. The British decided then that their hope for any international influence lay in a careful manipulation of their "special" relation with the United States. (11) The loan that Keynes negotiated for them after 1945 guaranteed their being tied to the American Empire. Whether or not there was any alternative, they saw none. After all, their greatest contemporary leader, Churchill, had not de Gaulle's clarity of intelligence. Beginning in the 1960s, the United Kingdom decided to seek entrance to the new European community. They saw the European Common Market as an outreach of American power. They desired to free themselves as gracefully as possible from Commonwealth commitments. The length to which the English were willing to carry their "special" relation was seen in Lord Hume's trumpeting of support for American policy in Cuba, and Mr. Macmillan's ability to eat crow when the Americans cancelled the Skybolt program. As realistic a politician as de Gaulle graphically described the English as a Trojan Horse when he vetoed their entrance to Europe in January of 1963.

*NOTE 11: Bismarck said the central fact of the modern era was that the Americans spoke English. In 1917, the English brought in the Americans to settle their European quarrel. Thirty years later their ally had become their master.*

**In this context, the appeal of the Conservatives to the British connection carried an air of unreality. The pattern of Canadian trade could not be changed in the way Diefenbaker suggested in 1957. He understood this himself by the time he turned down the United Kingdom's later proposals for a free-trade area with Canada.** After such a refusal, the English could not stomach the appeal he made for the Commonwealth in London, in September of 1962. It seemed the stuff of fantasy, not a viable alternative. Tough politicians like Macmillan and Duncan Sandys were quick to use the press, and Diefenbaker was accused of trying to upset England's entry into the Common Market. Men who felt deeply about the Commonwealth could be accused of being bad allies, not only of the United States but also of the United Kingdom. The two had become synonymous, once the English had become a satellite. This was made crystal clear when Lord Home welcomed Pearson back to power as a "good ally" at the NATO meetings in Ottawa in May of 1963. Because the English had been rejected by the Europeans as an American Trojan Horse, they had little sympathy with such a peripheral matter as Canadian nationalism. After what the English did to him in 1962 and 1963, Diefenbaker still fought for the Red Ensign in 1964. His basic principles were far removed from any petty sense of self-importance.

It was often considered strange that a Conservative government should follow the independent internationalism associated with Green. The only explanation brought forward by its opponents was that the administration was overwhelmed with a pathological "indecision." **But there was something consistent and inevitable in Green's policies. Green and Diefenbaker had always considered Canada an independent country. The role of Canada was to mediate between the United States and western Europe, particularly Great Britain.** But this conception could no longer fit the facts. By the 1950s NATO was a servant of the American Empire. The Canadian elite accepted the consequences of this for Canada. **But Green could not accept the end of independence. He cried out against Canada becoming a vassal. As the Commonwealth had so little substance, the only role now possible seemed that of an independent agent in the United Nations, exerting influence for disarmament. His Protestant idealism pointed in the same direction. But such independence in international relations was not something the dominant forces in Canadian life could accept. The sincerity of Diefenbaker's nationalism is established by the fact that he stood by Green, and would not accept the American demands, even when it was in his overwhelming interest to do so. One is reminded of Milton's Abdiel: "Unshaken, unseduced, unterrified."** (*All emphasis by the Web Ed.*)

## Lament for a Nation

By George Grant (1965 -- 1978 Edition)

Chapter Four [*The party of the establishment: the Liberal party*] (Excerpts)

In the light of Diefenbaker, I would like to turn to the Canadian establishment and its political instrument, the Liberal Party. (...)

At the level of economic policy, the argument runs, they (*the Liberals*) have shown themselves skilful masters of national development. This skill was exemplified in the policies of Howe from 1945 to 1957.

**These policies proceeded from the recognition of certain realities: that the Canadian economy was part of the total resources of North America; that Canada was an undeveloped frontier within that total, and the capital necessary for that development would come largely from the United States; that North America was committed to a capitalist structure in which the control of production would be in the hands of "private" corporations, while the government would only play a supervisory role.**

Within these assumptions, the Liberal party gave brilliant (*capitalist-class --Ed.*) leadership to the development of the country; the corporations ran an economy that was blessed by a benevolent government; certain complementary needs were met by the judicious use of Crown corporations; injustices were palliated with limited social services. If the terms for American investment had been tougher, there would have been less investment (*unless the Liberals sought to launch a 'judicious' public resource sector, Norway-style -- Ed.*) Canada would have developed more slowly and with a substantially lower standard of living than the United States. This would have been the quickest way to undermine the nation. The inevitability of Howe's policies is seen by the fact that the Conservatives could find no viable alternative (*such as public funding in the style of Quebec during its 'quiet revolution,' which they abhore -- Ed.*) Since coming back to office in 1963, the Liberals have recognized the need for a more nationalistic economic policy. Only the circumstances of minority government (*and their ideological distaste for public development -- Ed.*) have prevented Walter Gordon from initiating it.

Beyond economic policy, the argument continues (*i.e., the author's thematic argument-- Ed.*), the Liberals alone have understood that French Canada is the keystone of Confederation. They have always allowed for the legitimate interests of Quebec and have produced French leaders who supported Confederation. The provincial Liberal party has directed Quebec's awakening since Duplessis, and from 1963 the federal party has recognized that Quebec must have a new place in Confederation, if it is going to remain in the same country (*actually the true history to the contrary is proven by 'Repatriation of the Constitution' in 1982 -- without Quebec's signature! --Ed.*) Co-operative federalism is the only basis on which Quebec will stay. Pearson has wisely compromised with Prime Minister Lesage on matters of provincial autonomy. He has fought for a national flag free of any hated British symbols. He has established a strong Royal Commission on Bilingualism and Biculturalism. When one compares this with the previous administration, the claim of the Liberals is strong.

At the level of defence policy, **the Liberals argue that the issue about nuclear arms did not involve any surrender of proper Canadian sovereignty.** Canada ought to play a fair and honourable part in "the defence of the West," and the Americans are the leaders of that alliance. It is only in terms of such realities that our nation can be built. **Only as a friendly satellite of the United States can we use such diplomats as Pearson to influence the American leaders to play their world role with skill and moderation.**

Doing this is not negating nationalism but recognizing its limits. **The Liberal argument was symbolized in August of 1963 when, on the same weekend that the secret agreement with the United States over nuclear warheads was announced, Pearson spoke feelingly about Canadian nationalism at a meeting of Quebec journalists** (*later Pierre Trudeau was to continue the demagogically use Canadian nationalist sentiment against Québécois indépendantisme. -- Ed.*)

**The whole argument for the Liberals as realistic (bourgeois-party --Ed.) nationalists breaks down with their actual achievements. Their policies have not been such as could sustain a continuing nation. The old adage "The operation was a success but the patient died" can be too readily applied. They were in office during the years when the possible basis for (bourgeois -- Ed.) nationalism disappeared. It was under a Liberal regime that Canada became a branch-plant society; it was under Liberal leadership that our independence in defence and foreign affairs was finally broken. It is perfectly convincing to argue that these policies were necessary for Canada or to argue that they were good for Canada.** The widespread claim that the Liberals were the best possible regime is not the issue at this point. It may be convincing to argue that if Howe had not existed, we would have had to invent him. **But it is absurd to argue that the Liberals have been successful nationalists.**

**The Liberals failed in English-speaking Canada. If the nation were to survive, it had to be anchored in both English-and French-speaking Canada, and a modus vivendi had to be established between the two. The Liberals failed to recognize that the real danger to nationalism lay in the incipient continentalism of English-speaking society, rather than in any Quebec separatism. Their economic policies homogenized the culture of Ontario with that of Michigan and New York.**

**The crucial years were those of the early forties. The decisions of those years were made once and for all, and were not compatible with the continuance of a sovereign Canadian nation. Once it was decided that Canada was to be a branch-plant society of American capitalism, the issue of Canadian nationalism had been settled (for all but the working Canadians -- Ed.) The decision may or may not have been necessary; it may have been good or bad for Canada to be integrated into the international capitalism that has dominated the West since 1945. But certainly Canada could not exist as a nation when the chief end of the government's policy was the quickest integration into that complex. The**

**Liberal policy under Howe was integration as fast as possible and at all costs. No other consideration was allowed to stand in the way. The society produced by such policies may reap enormous benefits (*read 'profits' for our comprador classes --Ed.*), but it will not be a nation. Its culture will become the empire's to which it belongs. Branch-plant economies have branch-plant cultures. The O'Keefe Centre symbolizes Canada.**

The Ontario vote in the national election of 1963 showed what that society had become. In the southern metropolitan areas, the writ of the continental corporations runs with small impediment, and the Liberals swept the board. **A society dominated by corporations could not vote for an independent defence policy. The power of the American government to control Canada does not lie primarily in its ability to exert direct pressure; the power lies in the fact that the dominant classes in Canada see themselves at one with the continent on all essential matters. Dominant classes get the kind of government they want. The nature of our rulers was determined by the economic policies of the Liberals in the 1940s. The matter can be summed up quickly: The policies pursued by Howe produced a ruling class composed of such men as E.P. Taylor. In the winter of 1963, Mr. Taylor was quoted as saying: "Canadian nationalism! How old-fashioned can you get?"**

(...)

"Leftist" nationalism is only possible in a less-developed society in which the majority of citizens desires industrialism and believes that this is being prevented by anti-nationalist forces from the capitalist empire. This was not the situation in Canada.<sup>14</sup> (...) [Note 14: Could Canada have achieved even the degree of independence that Mexico has maintained? This is not the place to compare the complex differences between the two countries. The conflict between the Spanish and the Indian in Mexico allowed the country to fit incomparably less easily into the common western pattern. Can one imagine Canadians expropriating the oil properties and taking on international capitalism as Cardenas did in the 1930s? Even with these traditions, it would seem likely that as Mexico is industrialized, its new middle class will make it an increasingly acquiescent neighbour.]

(...)

**And to repeat, after 1940 it was not in the interests of the economically powerful to be nationalists. Most of them made more money by being the representatives of American capitalism and setting up the branch plants (i.e., settling down in a comprador relationship -- Ed.) No class in Canada more welcomed the American managers than the established wealthy of Montreal and Toronto, who had once seen themselves the pillars of Canada. Nor should this be surprising.**

Capitalism is, after all, a way of life based on the principle that the most important activity is profit-making. That activity led the wealthy in the direction of continentalism. They lost-nothing essential to

**the principle of their lives in losing their country. It is this very fact that has made capitalism the great solvent of all tradition in the modern era. When everything is made relative to profit-making, all traditions of virtue are dissolved, including that aspect of virtue known as love of country. This is why liberalism is the perfect ideology for capitalism. It demolishes those taboos that restrain expansion. Even the finest talk about internationalism opens markets for the powerful.**

**If there had been an influential group that seriously desired the continuance of the country after 1940, it would have needed the animation of some political creed that differed from the capitalist liberalism of the United States. Only then could they have acted with sufficient decision to build an alternative nation on this continent. De Gaulle has been able to count on a deeply felt nationalism. This is based on a tradition that pre-dates the age of progress and yet is held by men who can handle the modern world. But no such tradition existed among any of the important decision-makers in Canada. The only Canadians who had a profoundly different tradition from capitalist liberalism were the French Canadians, and they were not generally taken into decision making unless they had foregone these traditions. Their very Catholicism did not lead the best of them to be interested in the managerial, financial, and technical skills of the age of progress.**

The only possible basis for a Gaullist elite would have been the senior civil servants working closely with politicians who knew what they were doing. Such a union of civil servants and politicians could have used the power of Ottawa to control the representatives of continentalism in Toronto and Montreal. **In fact, the Liberal politicians and their civil servants saw themselves in pleasant co-operation with the tycoons of the real capitals. I must repeat again Mackenzie King's great discovery: If his government was the friend of business, the Liberal party could stay in office almost indefinitely.** His chosen representative for that co-operation was CD. Howe. An old newspaper photograph lingers in the mind. In the summer of 1945, a crowd of strikers followed Howe to a Toronto golf club. They had not been allowed to reach the Minister of Trade and Commerce officially. He was forced to speak with the unionists to get them out of the locker room. In his anger at the invasion of the country club, **Howe made perfectly plain what post-war reconstruction would be like. The continental corporations were going to rule. Such Liberal politicians as Brooke Claxton and Paul Martin knew where the real power lay -- in St. James and Bay Streets. They did not risk using the government as a nationalist instrument. The politicians, the businessmen, and the civil servants worked harmoniously together.** The enormous majorities for the Liberals in 1945, 1948, and 1953 showed that the Canadian people were attuned to the system produced by this co-operation.

Any desire for nationalism among the civil service could not be effective. Some of them who directly served Howe, like Mitchell Sharp and William Bennett, obviously welcomed the union between government and international business. When they were forced out of the government by the Conservatives in 1958, they quickly found high places in international companies. But what of the traditional civil servants in the Departments of Finance and External Affairs? They had given their lives to government service and presumably wanted to serve a sovereign Canada. For over a generation, choruses of praise have been offered to these civil servants. How wonderful for Canada that it should be represented by such permanent officials as Norman Robertson and Robert Bryce. They have been spoken of as a kind of secular priesthood. Yet the country they represented is now a fragmented nation, a satellite.

It would be a travesty to deny that most of them wanted to preserve their country. **But they were not of the diamond stuff of which nationalists must be made in these circumstances. Their education was not of a kind to produce a realistic attitude toward the twentieth century. The officials of the Department of Finance had mostly learnt their economics at Queen's University in Ontario, where the glories of the free market were the first dogma. But nationalism was negated by the policies that proceeded from such a dogma. The officials of External Affairs had mostly been educated in the twilight scepticism of Oxford liberalism. This kind of culture does not give one the stamina to be a nationalist in the twentieth century.** They went on representing Canada at significant conferences, while the "new" Canada was being shaped by other hands in Southern Ontario. The old-fashioned city of Ottawa continued to shelter them from the Canada they had helped to make. They were not in a position to be the necessary nationalist elite. But where else could it come from? Isolated intellectuals in the universities? Small-town politicians who remembered?

**Nevertheless it is interesting to speculate why the civil service elite did so little. To take the example of one government department, it seems likely that some officials in External Affairs have some feeling for the continuance of their nation. Yet they were the instruments of a policy that left Canada a satellite internationally. In 1940, it was necessary for Canada to throw in her lot with continental defence.** The whole of Eurasia might have fallen into the hands of Germany and Japan. The British Empire was collapsing once and for all as an international force. Canada and the United States of America had to be unequivocally united for the defence of this hemisphere. But it is surprising how little the politicians and officials seem to have realized that this new situation would have to be manipulated with great wisdom if any Canadian independence was to survive. Perhaps nothing could have been done; perhaps the collapse of nineteenth-century Europe automatically entailed the collapse of Canada. Nevertheless, it is extraordinary that King and his associates in External Affairs did not seem to recognize the perilous situation that the new circumstances entailed. In all eras, wise politicians have to play a balancing game. **How little the**

**American alliance was balanced by any defence of national independence!**

**In the case of King, this lack of balance seems to be bound up with a very usual syndrome among people who give themselves to the practical life: when they gain power they carry on with the ideas they learnt thirty years before. King had seen the centre of Canadian independence as being threatened by the British; he had been raised by a beloved mother who was impregnated with the memory of the supposed injustices that her father, William Lyon Mackenzie, had received at the hands of the British. Even after 1940, he still held the fear that Canadian independence was threatened from Whitehall. It may also have been that King was sufficiently held by liberal theory to believe that the United States was a democracy, and therefore not in essence an imperial power like the old societies of Europe. His relations with the Rockefellers were certainly a classic case of the ability of liberals to fool themselves about the relation between capitalism and democracy. King seems to have admired instinctively the liberal rhetoric of Franklin Delano Roosevelt, and Roosevelt surely stands as a perfect example of the division between ideology and action. One of the great imperialists of American history imagined himself an enemy of imperialism.**

**In the late forties, NATO policy seems to have been advocated by senior civil servants not only as defence against the Russian Empire but also as a means of building an Atlantic community that would provide tugs on Canada other than the continental. Yet by the 1960s, NATO had become the military instrument of the strongest empire on earth. It may indeed be argued that the safety of the western world against the hostile forces of Asia requires that we be part of a tightly unified empire; the integration of Canada into that empire would be a small price to pay. Yet as realistic a politician as de Gaulle recognizes that he must try to limit the power of NATO if the existence of France as a country is to be maintained. American hegemony was obvious. Why was it not balanced by a greater initiative for independence? In the Defence Crisis of 1963, Green and Diefenbaker did not receive loyalty from their civil service. General Norstad's press conference in Ottawa in January of 1963 could hardly have been organized without help - the help of various top officials in the very government that held the policies that Norstad's remarks were undermining. Presumably the permanent officials felt justified in this action because their view of Canada was entirely dominated by the concept of "the good ally."**

**What seems central to this process is that such officials had in the previous twenty years become more and more representative of a western empire rather than civil servants of a particular nation state. They were part of an international bureaucracy, mainly English-speaking, whose chief job was to see that the West maintained its superior power over the East. They identified themselves with the international community rather than with nationalist "hayseeds" such as Green and Diefenbaker. In the final analysis, they were provincial servants of the greatest empire since Rome. Was there anything that could**

**have been done to preserve Canadian independence after 1960? Where were the people in Canada who could have done it?** (*Indeed, by whom but an organized labor left with the ideological strength of a Marxist perspective -- so sorely missing among the ranks of the saintly CCF and directly sabotaged by the 'peaceful co-existence' policies of the Stalinized CP of the 1930s, 40s and 50s when their hour had come to stake their claim in Canadian politics -- leaving a difficult legacy to be taken up by militants several generations later -- Wed Ed.*)

## **Lament for a Nation**

**By George Grant (1965 -- 1978 Edition)**

### *Chapter Five [Canada's collapse as an independent country --Ed.] (excerpts)*

THE CONFUSED STRIVINGS of politicians, businessmen, and civil servants cannot alone account for Canada's collapse. This stems from the very character of the modern era.(15)

*[Note 15. Grant: In what follows I use "modern" to describe the civilization of the age of progress. This civilization arose in Western Europe and is now conquering the whole globe and perhaps other parts of the universe. "Modern" is applied to political philosophy to distinguish the thought of Western Europe from that of the antique world of Greece.]*

The aspirations of progress have made Canada redundant. The universal and homogeneous state is the pinnacle of political striving. "Universal" implies a world-wide state, which would eliminate the curse of war among nations; "homogeneous" means that all men would be equal, and war among classes would be eliminated. The masses and the philosophers have both agreed that this universal and egalitarian society is the goal of historical striving. It gives content to the rhetoric of both Communists and capitalists. This state will be achieved by means of modern science -- a science that leads to the conquest of nature. Today scientists master not only non-human nature, but human nature itself. Particularly in America, scientists concern themselves with the control of heredity, the human mind, and society. Their victories in biochemistry and psychology will give the politicians a prodigious power to universalize and homogenize. Since 1945, the world-wide and uniform society is no longer a distant dream but a close possibility. Man will conquer man and perfect himself.

Modern civilization makes all local cultures anachronistic.\* Where modern science has achieved its mastery, there is no place for local cultures. It has often been argued that geography and language caused Canada's defeat. But behind these there is a necessity that is incomparably more powerful. Our culture floundered on the aspirations of the age of progress. The argument that Canada, a local culture, must -- disappear can, therefore, be stated in three steps. First, men everywhere move ineluctably toward membership in the universal and homogeneous state\*\* Second, Canadians live next to a society that is the heart of modernity. Third, nearly all Canadians think that modernity is good, so nothing essential distinguishes Canadians from Americans. When they oblate themselves before "the American way of life," they offer themselves on the altar of the reigning Western goddess. When Pearson set out on his electoral campaign of 1963, he was photographed reading Will Durant's *The Dawning of the Age of Reason*. To Durant, the age of reason is the age of progress. The book was therefore appropriate reading for Pearson, who was about to persuade Canadians to adopt American atomic arms.\*\*\*

(\*Marxists in fact recognize that it is one of the historic 'democratic tasks' of bourgeois statehood to voluntarily integrate all nationalities and cultures within its borders (by means of its supposedly higher

*cultural achievements), which the present-day USA has indeed achieved among its fair-skinned European minorities at least up until World War 2 and since then to some degree among Latin and East Asian minorities including the present large influx of Mexican immigrants, in the process submerging all birthright national claims and ambitions -- with the exception brief appearance of 'black nationalism' in the late previous century. However, the with the notable exception of the ['Canadien' co-founding] Quebec francophone society and the Native ['First'] Nations existing in Canada , now joined by newly growing national consciousness in English-Canada itself along the lines of Catalan and Scottish nationalism in Europe, reveal a new feature of the progressive degeneration of dominant American and European imperialism --Web Ed.)*

*(\*\*homogenous only in the case of young and expanding bourgeois States which dynamically encompass diversity, but of course never 'universal' as the degenerate imperialist stage of the State occurs -- Web Ed.)*

*(\*\*\*Proof not of working-class or popular nationalist sentiment but of ruling-class bourgeois rejection of Canadian nationalist sentiment -- except on ceremonial occasions -- Web Ed.)*

There are many who would deny the second statement in the previous paragraph, that the United States is the spearhead of progress. Strangely enough, the two groups that deny it do so from opposite positions. The Marxists deny it from progressive assumptions, and American "conservatives" deny it because they consider their country the chief guardian of Western values. These two points of view are sometimes confused and combined by certain Europeans whose jealousy of the United States leads them to accuse Americans of being too reactionary and too modern at one and the same time. To maintain my stand that the United States is the spearhead of progress, these two denials must be refuted. To do so, I must turn away from Canadian history to the more important questions of modern political theory. Marxists believe that their philosophy leads to the true understanding of history. They insist that the aims of the United States are hostile to the interests of developing humanity. They assert that American corporation capitalism -- its system of property relations and consequent world policies -- makes the United States an essentially "reactionary" rather than a "progressive" force. The Russian (*then Soviet Russian up to 1989 -- Ed.*) Russian and Chinese leaders (*bureaucratic leaders of a remaining 'state economy or 'workers' state', incompatible with capitalism --Ed.*) may disagree on how to deal with this situation, but they do not disagree about the diagnosis. Canadian Marxists have therefore argued that Canadian nationalism serves the interests of progress because our incorporation in the United States would add to the power of reaction in the world (*rather: Canadian Marxists in the 21 century are notably divided on this very question -- Ed.*) To be progressive in Canada is to be nationalistic. To see where the Marxists are wrong in detail about Canada, I must discuss where they are wrong about the age of progress in general.

Marx believed that history unfolds as progress, and that when man's control of nature has eliminated scarcity, the objective conditions will be present for a society in which human beings no longer exploit each other. With the end of exploitation, men will **not be alienated** (*emphasis by the Ed.*) from their own

happiness or from each other. A society will emerge in which the full claims of personal freedom and social order will be reconciled, because the essential cause of conflict between men will have been overcome.

This world-wide society will be one in which all human beings can at last realize their happiness in the world without the necessity of lessening that of others. This doctrine implies that there are ways of life in which men are fulfilled and others in which they are not. How else could Marx distinguish between man's alienation and its opposite? Marxism includes therefore a doctrine of human good (call it, if you will, happiness). *[Grant's recognition of Marxism as advocating a type of society in which alienation --of both the worker from the product of his work and of individuals toward the State -- is abolished is accurate. But his following musings [below]on Marxism appear to be subjective and without real merit: -- Ed.]*

Technological development is a means by which all men will realize this good. But such a doctrine of good means that Marx is not purely a philosopher of the age of progress; he is rooted in the teleological philosophy that pre-dates the age of progress. It is the very signature of modern man to deny reality to any conception of good that imposes limits on human freedom. To modern political theory, man's essence is his freedom. Nothing must stand in the way of our absolute freedom to create the world as we want it. There must be no conceptions of good that put limitations on human action. This definition of man as freedom constitutes the heart of the age of progress. The doctrine of progress is not, as Marx believed, the perfectibility of man, but an open-ended progression in which men will be endlessly free to make the world as they want it. In Marxism, technology remains an instrument that serves human good. But many technologists speak as if mastery were an end in itself. To conquer space it may be necessary to transcend ordinary humanity, and produce creatures half flesh and half metal.

(...)

In an earlier generation, liberals such as John Dewey *[\* see Web Ed. note below]* claimed that this doctrine improved upon the past because it guaranteed a society in which all could do what they wanted, in which the standards of some would not be imposed upon others. Tastes are different, and we should have a society that caters to the plurality of tastes. How much fairer this would be than the old societies in which standards of virtue were imposed on the masses by pertinacious priests and arrogant philosophers. But this is not what is happening in our state capitalism. In the private spheres, all kinds of tastes are allowed.

Nobody minds very much if we prefer women or dogs or boys, as long as we cause no public inconvenience. But in the public sphere, such pluralism of taste is not permitted. The conquest of human and nonhuman nature becomes the only public value. As this planet becomes crowded and even dangerous, our greatest public activity becomes "the exploitation of the solar system." The vaunted freedom of the individual to choose becomes either the necessity of finding one's role in the public engineering or the necessity of retreating into the privacy of pleasure.

Liberalism is the fitting ideology for a society directed toward these ends. It denies unequivocally that there are any given restraints that might hinder pursuit of dynamic dominance. In political terms, liberalism is now an appeal for "the end of ideology." This means that we must experiment in shaping society unhindered by any preconceived notions of good. "The end of ideology" is the perfect slogan for men who want to do what they want. Liberalism is, then, the faith that can understand progress as an extension into

the unlimited possibility of the future. It does this much better than Marxism, which still blocks progress by its old-fashioned ideas of the perfectibility of man.

(...)

*\*[Wed Ed. note]: In a discussion on the views of John Dewey, see the writings of noted U.S. Marxist theorist George Novack, in his book Pragmatism versus Marxism; An appraisal of John Dewey's philosophy, 1975, Pathfinder Press, NY, 1975,: in PART 2: Dewey and the Progressive Movement; PART 4: Ideological Sources of Dewey's Thought: "The liberal and radical petty bourgeoisie needed both an activist philosophy and a gradualist one..."; PART 7: Dewey's Conceptions of Nature and Science; "Experience and Nature was the nearest Dewey came to presenting a conception of reality that would be both materialist and evolutionary...Both were in disfavor among academic philosophers of his time."; PART 8: Dewey's Logical Method; PART 11: Progressive Education: "Dewey's ideas...despite attacks from the right and criticism from the left...are the entrenched creed in education from Maine to California...the kind of education he urged went counter to the demands of monopoly capitalism"; PART 12: Dewey's Views on Ethics, PART 13: Instrumentalism Put to the Test: "Yet Dewey's betrayal of his liberal traditions to the imperialist war-makers (his support for both World War 1 and 2 –ed.) was one of the most revealing episodes in his intellectual and political biography. It marked a turning point in the development, or rather the degradation of 20th-century liberalism"; PART 14: Deweyism and Marxism: "Dewey was simply indifferent, not antipathetic, to the doctrines of Marxism. After having rejected Hegel's logic of contradiction, he felt no obligation to come to terms with its materialist successor"; PART 15: The Metaphysics of Bourgeois Democracy: (Dewey) "approached democracy not in its concrete manifestations throughout class society, but as an abstraction to be stuffed with the content he preferred to give it. Democracy to him was less a historical phenomenon than a secular religion"; PART 16: A New Road for American Philosophy: Novack: "The truth is: American life and thought have neither bypassed nor gone ahead of Marxism; they are only now beginning to grow up to it!"*

# Lament for a Nation

## By George Grant (1965 -- 1978 Edition)

### Chapter Six [*"The impossibility of conservatism in our era..."*] (excerpts)

(Emphasis throughout by the Web Ed.)

(...)

**A society only articulates itself as a nation through some common intention among its people. The constitutional arrangements of 1791, and the wider arrangements of the next century, were only possible because of a widespread determination not to become part of the great Republic.**

(...) **Much of English-speaking conservatism was simply a loyalty based on the flow of trade, and therefore destined to change when that flow changed.** To repeat, Diefenbaker spoke with telling historical sense when he mentioned the Annexation Manifesto in his last speech to Parliament before the defeat of his government in 1963. [See note on 1849 below]. He pointed out the similarity between the views of the Montreal merchants in 1849 and the wealthy of Toronto and Montreal in 1963. In neither case did they care about Canada. No small country can depend for its existence on the loyalty of its capitalists. International interests may require the sacrifice of the lesser loyalty of patriotism. **Only in dominant nations is the loyalty of capitalists ensured** (*demonstrably not so! -- there are many examples in history of the desertion of the elites to foreign invasion -- economic or military -- their first loyalty is to capital, not to States, even their "own"! -- Web Ed.*) In such situations, their interests are tied to the strength and vigour of their empire.

This does not imply that the nationalism in English-speaking Canada was simply a front for interest. (...) Nothing was more alien to them than the "emancipation of the passions" desired in American liberalism. An ethic of self-restraint naturally looks with suspicion on Utopian movements, which proceed from an ethic of freedom. (*Here Grant reveals in full colors the reactionary aspect of Canadian bourgeois nationalism -- its rejection of the ideals of American independence from Britain, and the defence of the retrograde monarchism of the Loyalists who fled into Canada -- Web Ed.*) **The early leaders of British North America identified lack of public and personal restraint** (*their counter-revolutionary loyalty to the British crown! -- Web Ed.*) **with the democratic Republic.** Their conservatism was essentially the social doctrine that public order and tradition, in contrast to freedom and experiment, were central to the good life. The British Crown was a symbol of a continuing loyalty to the state -- less equivocal than was expected from republicans. In our early expansions, this conservative nationalism expressed itself in the use of public control in the political and economic spheres. Our opening of the West differed from that of the United States, in that the law of the central government was used more extensively, and less reliance was placed on the free settler. **Until recently, Canadians have been much more willing than Americans to use governmental control over economic life to protect the public good against private freedom.** To repeat, Ontario Hydro, the CNR, and the CBC were all established by Conservative governments. **The early establishment of Ontario Hydro succeeded because of the efforts of an administrator, a politician, and a journalist, all of whom wrapped themselves in the Union Jack in their efforts to keep the development of electric power out of the hands of individual freedom.**<sup>25</sup>

[Note 25: The three men were Sir Adam Beck, Sir Richard Whitney, and "Black Jack" Robinson.]  
(Rather, it can be argued, as in the case of Quebec's "Quiet revolution" of the 1950s and 1960s, in which the public resources of l'Assemblée nationale were used to provide cheap electricity and to provide

*massive public funds for development of industry and resources while retaining 'national' control, Ontario in this period Grant is talking about had no choice: the urgent need for massive industrial infrastructure dictated the need for public investment which private US investors could not then provide -- thus being less a question of nationalist pride than bourgeois initiative in providing state subsidies -- Web Ed.)*

(...)

English-speaking Canadians had never broken with their origins in Western Europe. Many of them had continuing connections with the British Isles, which in the nineteenth century still had ways of life from before the age of progress. **That we never broke with Great Britain is often said to prove that we are not a nation but a colony.** But the great politicians who believed in this connection -- from Joseph Howe and Robert Baldwin to Sir John A. Macdonald and Sir Robert Borden, and indeed to John G. Diefenbaker himself -- make a long list. They did not see it this way, but rather as a relation to the font of constitutional government in the British Crown. **Many Canadians saw it as a means of preserving at every level of our life -- religious, educational, political, social -- certain forms of existence that distinguish us from the United States.** (*It was only with the turn of the 20th Century and the application of the US Monroe Doctrine, etc. that progressive nature of US republicanism became transformed into imperialist expansionism -- Web Ed.)*

To repeat what has been said earlier about the tragedy of Green and Diefenbaker, the end of the Canadian experiment was involved in the collapse of Western Europe, particularly in the disappearance of the British political tradition. Since 1945, the collapse of British power and moral force has been evident to nearly all the world. Its present position is the end-process of that terrible fate that has overtaken Western civilization in the last century. When the British ruling class rushed headlong into the holocaust of 1914, they showed their total lack of political wisdom. As much as anybody, they had been corrupted by the modern mania. Whatever the courage of Churchill in 1940, it must be remembered that he was one of those in the Liberal Cabinet of 1914 who pushed their nation into the intemperance of the earlier disaster. **The best British and Canadian youth had their guts torn out in the charnel house of the First World War. To write of the collapse of Western Europe is not my purpose here, but one small result was to destroy Great Britain as an alternative pull in Canadian life.**

(...)

British conservatism was already largely a spent force at the beginning of the nineteenth century when English-speaking Canadians were making a nation. By the twentieth century, its adherents in Britain were helping to make their country an island outpost in the American conquest of Europe. Was British conservatism likely, then, to continue as a force to make English-speaking Canada independent? If not, what would? The Laurentian Shield and the Eskimos? (*Perhaps yes: the Shield is nothing but solid and the Eskimos' values are communal and highly eco-friendly -- Web Ed.)* **British tradition has provided us with certain political and legal institutions, some of which are better than their American counterparts. Our parliamentary and judicial institutions may be preferable to the American system, but there is no deep division of principle.** Certainly none of the differences between the two sets of institutions are sufficiently important to provide the basis for an alternative culture on the northern half of this continent. (*In fact, 'British tradition' is mired in the swamp of royalty and colonial policies particularly in relation to Ireland and Scotland, while the 'American system' requires election of judges and police chiefs and despite its paralytic two-business-party stranglehold over its secular Congress and Senate, remains fundamentally more democratic than Canada's obsolete Royalty-ridden Parliament and Senate 'system' -- Web ed.)*

(...)

Because of the British tradition, socialist movements have been stronger in Canada than in the United States. (...) In Ontario, some form of planned economy was the only conceivable alternative to Americanization. But to have anticipated a socialist Ontario was to hope rather than to predict. Certainly its leadership could not have come from the good-natured Utopians who led our socialist parties. They had no understanding of the dependence of socialism and nationalism in the Canadian setting. Their confused optimism is seen in the fact that they have generally acted as if they were "left-wing" allies of the Liberal party. Socialist leadership in Canada has been largely a pleasant remnant of the British nineteenth century -- the Protestant tabernacle turned liberal. Such a doctrine was too flaccid to provide any basis for independence.

**To turn to the more formidable tradition, the French Canadians are determined to remain a nation.** During the nineteenth century, they accepted almost unanimously the leadership of their particular Catholicism -- a religion with an ancient doctrine of virtue. (...) French-Canadian nationalism is a last-ditch stand. (...) One solution was the regime directed by Duplessis. No province in Canada gave more welcoming terms to American capital than the government of Duplessis. At the same time, in questions of education, provincial autonomy, etc., Duplessis followed policies that won support from the rural episcopate. It is all very well for a practising politician to base his regime on the combined support of St. James St. and the traditional Church. The people would depend on the corporations for their employment, while accepting the paternal hand of the cleric in the parish and in the school. Did the clerics think this was the best way for their people to learn to live with industrialism? Surely they recognized that such a regime could not last; it would produce new classes in society ultimately more hostile to Catholicism than to capitalism.

René Lévesque's solution to the problem, unlike Duplessis's liaison with American capitalism, seems to attempt to build a semi-socialist society within the bounds of the province. The idea is to guarantee that the managerial elite be men of French culture, and that the control of the economy rest firmly in native hands. In such a scheme the continuance of Confederation is simply a question of convenience. If French civilization can be protected as a province within Confederation, then all well and good. If it cannot be, then separatism becomes a necessity. (*Independentist PQ leader*) Lévesque's brilliant description of Laurier as "a black king" (*nègre roi, cultural icon*) shows the seriousness of his intention.

**There are two main difficulties in a semi-socialistic solution. The first of these is symbolized by the presence of Eric Kierans and George Marler as Ministers in the same government as Lévesque (leader of the sovereigntist Parti Québécois).**

The two men well represent the new and the old establishments of English-speaking Montreal. Provincial control of economic development is not only useful for French-Canadian nationalism but also for international capitalism. Any federal system of government strengthens the power of the corporations. The division of powers weakens the ability of public authority to control private governments; the size of the provinces allows them to be controlled by private economic power. **The espousing by American or Canadian "conservatives" of greater authority for the local states has always a phoney ring about it, unless it is coupled with an appeal for the break-up of continental corporations.**

**Decentralized government and continental corporations can lead in only one direction. In his criticism of Walter Gordon's budget in 1963, Kierans made a violent attack against any curbing of foreign investment as being a deterrent to economic growth. As a Minister of the Quebec government, he accepts the thesis that economic growth is chiefly a responsibility of provincial gov-**

**ernments. As regards provincial responsibility, Lévesque and Kierans are in agreement, but their motives for espousing responsibility are quite different. The motive of quick industrializing is surely likely to come in conflict with the motive of nationalism.**

The financial pages of every newspaper are filled with announcements of French-speaking appointments to management. Continental capitalists have learnt that they are going to be in trouble if such appointments are not made. But when French nationalists derive satisfaction from these appointments, they would do well to remind themselves of the ancient adage: "I fear the Greeks, especially when they come with gifts." Corporations make concessions about management personnel for the sake of better relations with the alien community. These do not involve the basic control of the economy. Here the lines of battle will surely be drawn. How long will the people of Quebec be willing to pay the economic price of rejecting the terms laid down by big business for the development of power at Hamilton Falls? It is not likely that even such an unusual Liberal government as that of Prime Minister Lesage will be able to wrest control of the economy from the corporations and then keep it in the government's hands.

The concession over French managerial personnel points to a greater chink in the nationalist armour. Lévesque presumably believes that the indigenous control of the French-Canadian economy will be maintained by the vote. Governments will retain final control of their economies through Socialistic measures by seeking electoral support. But is it to be expected that the new managerial elites will sustain their French culture for very long? If they work for continental corporations, will they not identify themselves with those corporations and vote for governments not interested in preserving national control of the economy? (*Note that it was not the 'managerial elites' who initiated and led the successful struggle for French unilingualism, but the teachers and workers -- "le monde ordinaire" -- who fought tooth and nail to establish French as the language of work, against those elites, including Lévesque himself, with 'hard-line' indépendantistes in the cabinet like Camille Laurin succeeding in passing the famous Bill 101, soon to be challenged in Federal courts-- Web Ed. Further note: the only political tendency on the Left or Right to defend this campaign was the LSO, the small Trotskyist group in English Canada and in Quebec -- see website at W3-Quebec.)*

This is what happened in Ontario in the 1940s and 1950s. Even when much of the economy is socialized, the managers will gradually become indistinguishable from their international counterparts. To run a modern economy, men must be trained in the new technology over human and non-human nature. Such training cannot be reconciled with French-Canadian classical education. An elite trained in the modern way may speak French for many generations, but what other traditions will it uphold? The new social sciences are dissolvents of the family, of Catholicism, of classical education. It is surely more than a language that Lévesque wishes to preserve in his nation. New Orleans is a pleasant place for tourists. The dilemma remains. French Canadians must modernize their educational system if they are to have more than a peon's place in their own industrialization. Yet to modernize their education is to renounce their particularity (*only if one assumes one's Catholicism is fundamental -- but alas precisely that feature has been overwhelmingly banished to the point of empty churches through the 'nation' -- Web Ed.*) At the heart of modern liberal education lies the desire to homogenize the world. Today's natural and social sciences were consciously produced as instruments to this end.

In the immediate future, the wilder of the nationalist French-Canadian youths may hope to build some kind of Castro-like state in Quebec. As traditional Catholicism breaks up, there will be some exciting moments (...)

**All the preceding arguments point to the conclusion that Canada cannot survive as a sovereign nation.** (*Correct, if conservative and capitalist it remains -- Ed.*) In the language of the new bureaucrats, our nation was not a viable entity.

(...)

Canada has ceased to be a nation, but its formal political existence will not end quickly. Our social and economic blending into the empire will continue apace, but political union will probably be delayed. Some international catastrophe or great shift of power might speed up this process... (*As it turns out, contrary to the most recent 1970s perspective of Grant, events point to the opposite dénouement: despite the fact of deeper Canadian economic integration into the dominant U.S. corporate giant, it is the social and cultural gap between Canada and the U.S. that is 'growing apace' thanks mainly to the degeneration of the U.S. economy, its growing financial crises, the failure of its attempts to become the "international policeman" either with badgered "allies" or behind NATO, and above all the growing dysfunction of its two-party politics -- it is this great American locomotive force that will lead to the 'impossibility' of Canadian independence without socialism -- Web Ed.*)

**[Ed.: on the Annexation Manifesto of 1849 from Wikipedia:**

"The Montreal Annexation Manifesto was a political document dated September 14, 1849 and signed in Montreal, Quebec, calling for Canada's annexation by the United States.

The Manifesto was published in two versions (October 11, 1849 and December 1849) by the Annexation Association, an alliance of 325 Montreal businessmen[Note 1] (mostly English-speaking Tories), who were opposed to Britain's abolition of the Corn Laws, thus ending preferential colonial trade, and by its consent to the Rebellion Losses Bill, and French Canadian nationalists (including Louis-Joseph Papineau) who supported the republican system of government in the United States. These businessmen believed that so long as the Provinces of Canada were under British rule, it would be subjected to the interests of elements of Britain's aristocracy and businessmen. Papineau too had believed a similar subjection occurred, perpetrated by France and, given the tiny population in Canada compared to that of the United States, these people believed that the abolition of customs duties at such an early point in Canada's economic development would be disastrous for Canadian business and the job losses would be massive.

The Manifesto was strongly opposed by members of the British American League and by leading politicians such as Robert Baldwin plus the followers of Louis-Hippolyte Lafontaine. After the signing of the Canadian-American Reciprocity Treaty in 1854, the Annexation movement died out.]"

# The Vertical Mosaic

John Porter -- 1965 (excerpt)

## Chapter IX (*excerpts*)

### The Economic Elite and Social Structure

(**Bold-- highlights in R.D.'s copy**) (Emphasis by Web Ed.)

THE ECONOMIC ELITE has been defined as those who occupy the major decision-making positions in the corporate institutions of Canadian society. Where do they come from, and how do men (there are no women) gain access to this rather small and select group? In every society there are established mechanisms by which members are sorted out and assigned to particular social tasks. Often this process is based on biological or inherited characteristics. In most societies there are, for example, male roles and female roles. Sex has always been an initial basis of sorting and assigning people to their appropriate tasks. Hence, in this particular society, few women occupy positions of power because it is not "appropriate" that women should. Colour is another important biological characteristic which has been used as a basis of sorting people out.

In addition to these very obvious biological differences social characteristics have also been used in this assignment of people to social tasks. Religion, ethnic affiliation, educational experience, social class, and other such characteristics are often treated as biological attributes even though they are socially rather than genetically acquired. In part I evidence v/as provided to show how some of these social characteristics enter into the structure of social class. In this and subsequent chapters we shall try to discover whether or not they are important in assigning people to elite positions.

An important element in western ideology is that the assignment of social tasks should be on the basis of ability, and that social characteristics should not be an impediment to upward social mobility. Because the highest positions to be achieved are at the top of institutional hierarchies these positions, too, should be open to those of ability. In an open class system the value thus served is equality. Openness also aids in the development and survival of the society by providing scope for creative energies. The more that ability is the basis of allocating the top roles, the better prepared is the society for its collective tasks.

Ideology is one thing; the actual pattern of elite recruitment is another. One of the problems for the sociology of power is to discover the patterns underlying the selection of people to the top positions. Patterns of selection are patterns of preference and exclusion. Selection depends on the attitudes and values of those already at the top, because the selection of successors is one of the prerogatives of power. Selection takes place within the context of elite values, among which are ideas about how the systems should operate. For the most part, elites feel that systems should operate as they, the present elite, have operated them. They see themselves as the guardians of institutional systems.<sup>2</sup> The economic elite, for example, sees itself as having the task of preventing further drifts into "state welfarism." Men in power resemble men of all levels of the social structure in believing that their own values are the superior ones which all others should share, though experience tells them that all men are not as wise. Values and beliefs are as important as technical competence, and they are acquired through socializing agencies such as

families, schools, and clubs. Some of these agencies become the preferred sources of recruits to elite roles. When Upper Canada College is extolled for its production of successful men the praises are usually in terms of technical competence, but there is the feeling, no doubt, that this private school produces also in terms of values the right kind of men to be leaders. So prevailing elite values lead to the hardening of selection patterns. For these reasons there may be no correspondence between ideology about free access to elite positions and the actual patterns of recruitment. In time, those with particular social backgrounds become preferred. The study of preferred social types is an initial step in the analysis of the structure of power.

Note<sup>2</sup> It is interesting that Argus was a "fabulous person with a hundred eyes," or a "watchful guardian" (O.E.D.). It thus is an appropriate name for Argus Corporation. No doubt the creators of Argus Corporation intended to guard only a part of the system.

Because most of the data which will be dealt with here are objective, having been derived from the career patterns of an existing elite, statements about the underlying subjective preferences are statements of inference. It is not unreasonable to assume that if certain segments of social structure are over-represented in the background of the elite that subjective preferences are at work. Some data will be presented to support this view. The analysis of social origins and careers will also tell us something about the extent to which the elite groups from the various institutional systems are linked together into an exclusive ruling class or "power elite."<sup>3</sup> As was argued earlier, when elites become unified they are less subject to effective checks. In this chapter we shall examine career and social background data of the economic elite, and in subsequent chapters other elite groups will be looked at in the same way. We shall then be in a better position to say something about the similarity of social types in the over-all elite structure of the society.

NOTE<sup>3</sup>For an interpretation of the structure of elites in the United States see C. Wright Mills, *The Power Elite* (New York, 1956).

#### AN EXTERNAL ELITE?

Before proceeding with the analysis of the economic elite, it is necessary to say something about the one outstanding feature of Canadian economic structure—foreign ownership and control of a large number of Canadian corporations. Foreign "control" implies that important decisions about the Canadian economic system are made outside the country. ***Rather than a Canadian elite we should perhaps be searching for a foreign or international elite. (Highlight RD)*** It was suggested in chapter VII that it was in some respects unrealistic to accept national boundaries as the boundaries of any economic system, but, because it is necessary to have some boundaries for the social system under investigation, national boundaries were thought to be the most appropriate. Some assessment must be made of the range and consequence of foreign ownership in the Canadian economy. A specific question to be answered is whether or not the economic elite for Canada should include foreign resident directors.

**Foreign capital has always been an essential requirement of Canadian economic growth. Unlike other politically independent debtor nations, Canada's reliance on foreign capital appears to be a permanent part of the structure. No other nation as highly industrialized as Canada has such a large proportion of its industry owned by non-residents. Nor does there appear to be any historical similarity between Canada and the L growth of other industrial systems. It is also significant from the point of I view of power that such a large proportion of the foreign capital comes from one country, the United States. This "satellitic" pattern of growth has continued in the post World War II**

**period with an increasing proportion of foreign investment being direct investment in wholly owned or majority owned subsidiaries, whereas in earlier periods the investment was in the form of funded debt. Thus direct investment of United States corporations in equity capital would imply an extensive element of control.** (*Emphasis by Web Ed.*)

NOTE<sup>4</sup>See C. D. Blyth and E. B. Carty, "Non-Resident Ownership of Canadian Industry," *C.J.E.P.S.*, XXII, no. 4 (Nov. 1956); and I. Brecher and S. S. Reisman, *Canada-United States Economic Relations* (Ottawa, 1957).

It is therefore not surprising that by the end of the 1950's the subject of foreign ownership should have become a political issue. In its report in 1957 the Royal Commission on Canada's Economic Prospects<sup>5</sup> (*5-Report* -Ottawa, 1957) made some recommendations for policies concerning foreign subsidiaries including the extension of Canadian participation in equity ownership, the publication of financial statements concerning Canadian operations, and the "Canadianization" of personnel in professional and managerial positions and on boards of directors. All that had been done about it by 1962 was new legislation requiring corporations (and trade unions) to disclose certain information about the distribution of their financing, stock ownership, and control. In the first budget of the Liberal administration in 1963, Mr. Walter Gordon, the minister of finance who had been chairman of the Royal Commission on Canada's Economic Prospects, attempted to introduce much more far-reaching provisions to limit foreign control of Canadian industry. Although some of these were withdrawn two remained for companies with a degree (roughly 25 per cent) of Canadian ownership and control: permission to depreciate their investments at a faster rate; and entitlement to a lower rate of withholding tax on dividends remitted to foreign shareholders. In 1964 legislation was introduced to limit foreign participation in Canadian financial corporations to 25 per cent of equity. It is unlikely that this legislation can lead to any significant changes because, within the context of western capitalism to which all Canadian elites are committed, the international movement of capital is a logical process. To interfere with this flow would be a massive contradiction in values—to say nothing about biting the hand that feeds.

**Several important studies have provided the facts about foreign ownership. The pattern of slow but persistent growth over the last three decades is clear enough. In manufacturing it increased from 38 per cent in 1926 to 51 per cent in 1959, and in mining and smelting from 37 per cent to 59 per cent. Canada's more recent petroleum and natural gas industries by 1959 were 63 per cent foreign owned and 75 per cent foreign controlled.<sup>6</sup>**

Note 6-Canada, D.B.S., *The Canadian Balance of International Payments*, 1960 (Ottawa, 1962).

There are other ways in which this foreign ownership and control can be measured. As can be seen from Appendix II, 256 (16 per cent) of the 1,613 directorships in the dominant corporations were held by United States residents, and 53 (3 per cent) were held by United Kingdom residents. **A further 117 (7 per cent) of these directorships, although held by Canadian residents, were in American wholly owned subsidiaries** (*Web Ed.*). If we add to this last group the 256 American resident directors we get 373 directorships (about 23 per cent of the total of 1,613) that represent the influence of American corporations.

About the same proportion of American influence exists if the larger of the dominant corporations are considered separately. Also similar is the proportion as measured by stock ownership. For all merchandising and industry in Canada in 1951, United States stock ownership amounted to 24 per cent, and other foreign ownership to 8 per cent. Note 7-Canada, D.B.S., *Canada's International Investment Position*, 1926-1954 (Ottawa, 1956).

*Foreign ownership of such dimensions creates difficulties in studying elites. It suggests that a substantial amount of decision-making takes place outside the country. It is almost impossible to make generalizations about this external power because behind the statistics of stock ownership and the distribution of Canadian and non-Canadian directors are men in careers devoted to the operation of corporate capitalism.* (Highlight by R.D.) We can here consider only the variations in the loci of decision-making that appear to exist in different situations. Obviously there are great differences between firms and industries, between producers of primary products and producers of fully manufactured goods, and so forth. It was suggested in the previous chapter that the role of Canadian directors in foreign subsidiaries varied. It follows that the power of the foreign owners varies in the same way.

It has been suggested that this external decision-making affects such things as the development of research, the location of plants, the rate of expansion, marketing policies, purchasing policies, the rate of resource development, and the pricing policy of the parent firm, particularly if the parent operates in many other countries as well as in the United States and Canada.<sup>8</sup> There is also the effect on the distribution of earnings. The main benefit to Canadians as labourers within this increasingly foreign dominated economy could be in the form of higher average wages which are being paid in United States controlled firms.<sup>9</sup> By the middle 1950's close to half the profits of Canadian corporations accrued to non-residents,<sup>10</sup> further reducing the possibility of Canadian savings being the source of future investment. To all of these effects must be added the general social effect of cultural uniformity between the two countries, resulting from the uniformity of product, advertising, and sales promotion. *It may even be argued that economic integration is the forerunner of full cultural integration, and that when the latter stage is reached the sense of economic domination will disappear.* (Highlight by R.D.)

Note 8.Brecher and Reisman, *Canada-United States Economic Relations*, chap. 8. See also John Lindeman and Donald Armstrong, *Policies and Practices of United States Subsidiaries in Canada* (Private Planning Association of Canada, Montreal, 1961).

Note 9.Blyth and Carty, "Non-Resident Ownership."

Note 10.ibid.

If more Canadians held stock in foreign subsidiaries, and if these subsidiaries were governed by Canadian promoters, directors, and managers, some of these results of foreign ownership might disappear. Corporations, however, are governed by human beings who behave in accordance with a set of institutional norms—those of corporate capitalism. To argue that national sentiments and the "national interest" would supplant the historical and inexorable norms of capitalist enterprise is to reveal an ignorance of the capitalist economy. (R.D.: *"a part of directors"*)

Capitalist corporate behaviour is a theoretically rational form of behaviour. The ends of profit-making (or other ends such as firm survival or growth) are arrived at through a series of calculated means. In the environment of the capitalist economy there are many impediments to the most efficient linking of means and ends. Some impediments, such as oceans and mountains, are natural, and the rational means of overcoming them are supplied by technology. But there are also social impediments: taxes are levied for war and welfare; trade unions make demands; foreign governments impose restrictions; nasty dictators take over property (as do not so nasty provincial premiers<sup>11</sup>); and politicians make other unfavourable conditions at home and abroad for the maximization of profit. Technology cannot overcome these social impediments, but various pressures can be applied to reduce their effects and thus to stabilize the capitalistic economy. These pressures may be direct ones on governments or less direct ones through public relations schemes.

**By and large, corporations have been able to exert sufficient pressure on governments, and on social institutions generally, to stabilize the field in their favour.** This stabilizing of the environment is the politics of industry.

Note 11In 1961, the Social Credit government of British Columbia took over the British Columbia Electric Company Ltd.

Political boundaries then become simply conditions in a relatively stabilized field. Capital in its rational pursuit moves over and around them. It responds to the international language of the *bourse*. Because the nationalities of the actors in the system have no place in the *instrumental norms of capitalism it is difficult to see how nationality affects the behaviour of those who govern a capitalist economy*. However, capitalism has to contend with the demands of political elites in the same way that it has to adapt to the demands of natural and technological *impediments, although the corporate leaders cannot go so far as to let the sentiments of nationalism interfere with "professional" logic*. They will use national political institutions to erect tariff barriers or protect property, thus dealing with the demands of nationalism, *either in themselves or in the community, with the assertion that what is good for the large corporation is good for the nation* (*Highlights by R.D.*)

The view often expressed by the corporate elite, that government policies, except when they stabilize the field, are a damned interference with freedom, is quite correct within the context in which this elite operates. Canada is a capitalist oriented society. *All its elite groups accept the capitalist rules of the game* (*Highlights R.D.*) There is scarcely any expression of alternative forms of economic organization. Yet, in the nationalistic sentiments leading to the condemnation of foreign ownership, or in their insistence on Canadian representation at the decision-making loci of the foreign owned subsidiaries, *some groups make "irrational" and ungrateful demands on the system they uphold* (*R.D.*) It is hypothetical to ask what Canada would have been like now if its industrial development had been achieved in some other fashion. There is general agreement that it could not have been achieved without foreign investment, although it may be argued that had Canadian governments forced the distribution of equity capital in Canada the shape of foreign control may have been somewhat different, *but it would be wrong to conclude that national or public interests would have replaced the universal criteria by which corporations operate* (*Highlight by R.D.*)

If these remarks have any validity it is difficult to see how corporate behaviour would differ if more Canadian personnel participated in the control and management of American subsidiaries,<sup>12</sup> because it is at the American subsidiary that most of the criticism is directed. To say that corporate behaviour would be different in the sense of being oriented to Canadian interests is almost to accuse the many Canadians now in these positions of a lack of patriotism when they work for American corporations. Or it may be saying no more than that another set of judgments would be at work in the loci of decision-making. These judgments, however, would still be made within the same set of capitalistic norms.

Note 12Some think there would be a difference. See Brecher and Reisman, *Canada-United States Economic Relations*; and Lindeman and Armstrong, *Policies and Practices of United States Subsidiaries*.

The significance of foreign ownership may not be the same at all levels of corporate control. It may be worthwhile briefly to examine three levels involved in the running of corporations: those of promoters, directors, and managers. Some Canadian promoters have extensive interests abroad, and some of them have

even gone to live permanently abroad. Lord Beaverbrook, Sir James Dunn, and Sir Edward Peacock were, and Garfield Weston is, of an older vintage. Lord Thomson and E. P. Taylor are newer members of an international capitalist elite.

At the end of 1959 the total Canadian direct or "controlling" investment abroad was \$2.3 billion and the total of all Canadian long-term investment abroad was \$3.45 billion.<sup>13</sup> ***Six-tenths of this investment abroad was by Canadian controlled companies and resident Canadian individuals (Highlight R.D.)*** Although Canadian investment abroad was very small compared to the \$20.8 billion of non-resident investment in Canada in 1959, it does at least show that some Canadian capital moves into the international flow. Much Canadian capital is of course invested in Canada. For any year between 1956 and 1960 at least \$6 billion of gross capital formation came from domestic sources.<sup>14</sup> (This sum includes all capital formation.) It is questionable whether promoters make decisions about private capital investment on the basis of nationalism rather than on the instrumental norms of the system. To invest abroad on any large scale requires skills, knowledge, and contacts which probably only a few Canadians have. On the other hand, the concentration of economic power and the link between ownership and control through closely held stock probably limit the activities of the large-scale promoter in Canada. The investing class is small, and given the structure of equity ownership it is not likely to get larger, or to acquire more stock through reinvesting its savings. These structural features of Canadian society and its economy constitute the conditions of the field in which Canadian capital moves and corporations behave, so it is doubtful that national interests as such are very important. National interests are not objective entities upon which all can be agreed.

Notes 13. *Canadian Balance of International Payments*, 1960. 14. *Ibid.*

As far as directors are concerned, it is clear that there has been considerable Canadian representation in foreign owned subsidiaries. In one study of the boards of directors of fifty-three foreign wholly owned subsidiaries and fifty-two majority owned subsidiaries, Canadian participation on boards was found to be high. In the wholly owned subsidiaries 219 directors were residents of the United States, 11 of the United Kingdom, and 199 of Canada. In the majority owned companies 155 directors were residents of the United States, 38 of the United Kingdom, and 284 of Canada.<sup>15</sup> These data show that where there was a minority Canadian ownership in the subsidiary there was greater representation on the board, but even for the wholly owned subsidiary the Canadian representation was still high. ***There thus seems to have been plenty of opportunity for Canadian interests to be heard (Highlight by R.D.)*** These Canadian resident directors were in the main of two groups: those who were elected from Canada's economic elite and were "outside" directors as far as the firm was concerned, and those who were the senior management.

Note 15 Brecher and Reisman, *Canada-United States Economic Relations*, 134.

No doubt some of the senior management who were on the boards of foreign subsidiaries were Canadian residents, but not Canadian nationals. But there are a good number of the chief executives of very large subsidiaries who are Canadian nationals. Ford Motor Company of Canada, General Motors of Canada, Imperial Oil, International Nickel Company, Canadair, A. V. Roe Canada, Firestone Tire and Rubber, Shell Oil Company of Canada, and Dupont of Canada are a few examples in which the chief executive officers have been Canadian-born or naturalized Canadians. In some cases the careers of these senior managers have been entirely within Canada. Even where the managers continue to retain their old nationality some have been here for many years. They send their children to Canadian universities of which perhaps they are governors; they acquire the same range of honorific posts in philanthropic activity which the Canadian-born businessman acquires. By no stretch of the imagination can it be argued that the managers of foreign owned subsidiaries are a "caste" of supervisors working for a set of external power wielders. Many of these individuals become integrated into Canadian society so that in time they acquire a Canadian outlook—

whatever that may be, and whatever its relevance might be in the operation of a Canadian corporation. There are cases, too, of former members of other elite groups—political, military, and bureaucratic—who later *in* their careers head foreign subsidiaries in Canada. *Mr. Brooke Claxton went from the Canadian cabinet to head the Canadian operations of the Metropolitan Life Insurance Company, an American firm for which his father had been chief counsel* (Highlight by R.D.)

Note 16 Apparently Mr. Claxton and his father were responsible for the Metropolitan Life establishing its Canadian head office in Ottawa rather than Toronto. The result was, said Mr. Claxton, ". . . when I left the government in 1954, I had only to move to the other side of Wellington Street" (*Ottawa Journal*, May 14, 1959).

Thus for both managers and directors there is evidence of considerable Canadian representation at the top levels of those foreign owned subsidiaries which have been included as dominant corporations. There exists a career system in which both Americans and Canadians participate. Some Canadians even succeed in reaching the boards of the American parent. If we consider the long period of residence and the integration, as measured by their assuming roles in general civic life, of American-born managers of dominant Canadian corporations the representation is even greater. It is as difficult to tell the borderline at which a corporate executive ceases to be an American and becomes a Canadian as it is to tell the borderline between being tipsy and being drunk. Some retire to the United States, but then so too do some of the Canadian-born members of the elite. Some of the latter even become members of the English nobility and continue to have "an undying interest in Canada." As has been argued it is doubtful that nationality is relevant to the logic of corporate behaviour.<sup>17</sup>

Note 17 A somewhat different view is taken in Lindeman and Armstrong, *Policies and Practices of United States Subsidiaries*, 34-39. Although their work is based on interviews with senior management they devote only five pages to this problem. It is impossible from their report to get any impressions of the differences there might be between firms of different size and product. They do, however, point out that a high proportion of the boards of American subsidiaries, particularly the wholly owned ones, do not count for very much, being so-called "paper boards" set up to meet the legal requirements of incorporation. However those members of the economic elite on paper boards are also on real boards and thus are still in the elite.

We can now return to the question with which this section began: whether or not the economic elite for Canada should have included the foreign resident directors of the dominant corporations. For some purposes perhaps it would have been desirable. There is no doubt that some important decision-making lies outside the country, but it is difficult to separate those cases in which it is important from those in which it is not. Some of the questions which must be considered in seeking to determine the range and significance of external control have been suggested. Our concern in this chapter is the relationship between the economic elite and the Canadian social structure. The vast majority of foreign resident directors have not belonged to that structure, and can be left out of the analysis on that account. It is a significant fact that something like one-quarter of the directing positions in the dominant corporations should have been held by outsiders, because that fact itself says something about mobility opportunities that the structure of Canadian society provided. Perhaps there is a similarity in the way in which Canada has relied on external recruitment for the more highly trained occupations to the way in which it has relied on the creative energy of outsiders to provide for much of its economic development. The Canadian economic elite which will now be considered comprises those directors of the dominant corporations who reside in Canada.

#### CAREER PATTERNS AND EDUCATION

The economic elite of Canada has been defined in the previous chapter as the 985 Canadian residents holding directorships in the 170 dominant corporations, the banks, insurance companies, and numerous

other corporations not classed as dominant. When background information on these persons was collected from various reference books,<sup>18</sup> and supplemented by numerous biographical sketches in financial, commercial, and trade publications,<sup>19</sup> and by a variety of informants, fairly uniform data were obtained for 760 of the 985 individuals. For the remaining 225 persons the information was considered insufficient to warrant their inclusion in the analysis which follows. The 760 (77.1 per cent of the total of 985) could be considered either as a sample of the total elite as it was defined, or, because an elite is a hierarchy, they could be considered as the most powerful of the 985. *Considered as a sample, the 760 were representative of regions and industries, of firms "controlled" by Canadians as opposed to firms "controlled" by Americans (Highlight by R.D.)* and apparently also of age. Viewed hierarchically, "the 760 included the most powerful men on the basis that each of them had a directorship in more than one of the dominant corporations or a single directorship or general-managership or presidency in one of the largest. There were less than a half-dozen among the 225 omitted who might be considered near the top of the power pyramid, and there was only one of them who could be ranked with the 100 most powerful men. Thus the 760 were taken as a group biased towards the higher levels of corporate power.<sup>20</sup>

Note 18: *Who's Who in Canada* (various years), *The Canadian Who's Who* (various years), *Who's Who in America* (various years), *Who's Who [England]* (various years). The Canadian biographical dictionaries or their forerunners as far back as 1896 were consulted for information on parents and other relatives.

Note 19: *Financial Post*, *Monetary Times*, *Industrial Canada*, and *Canadian Business*. A large number of biographical clippings from other newspapers were also used.

Note 20: The 760 persons accounted for 1,070 (82 per cent) of the directorships held by Canadian residents in the dominant corporations, 188 (95.4 per cent) of the bank directorships held by Canadian residents, and 88 (65.6 per cent) of all the directorships in the ten largest Canadian life insurance companies. In the analysis which follows the proportions of the directorships given are of those which the 760 together hold in the dominant corporations, the banks, and the insurance companies.

The career data for the total 760 are presented in Table XXVII, with the Canadian-born separated from the combined Canadian- and foreign-born. There are two salient features in the careers of the economic elite. One is the high degree of internal recruitment as indicated by family continuity within the management of particular corporations, or family continuity on the boards of directors. In the billion dollar American controlled Aluminium Ltd., Canada's third largest corporation, the President, Mr. N. V. Davis, was appointed to the job at the age of thirty-two in succession to his father. There is family continuity also in wholly Canadian firms like Eatons (which is a private company), Simpsons, Steel Company of Canada, Algoma Steel, Hollinger, Labatts, Molsons, Canada Packers, London Life, and Confederation Life, to name a few of them. Many of these family continuities originated with the promotional activities of an earlier generation. In other cases the firms, like George Weston Ltd., were founded by an earlier generation, and subsequently expanded. **This high degree of internal recruitment does not mean that there is no room at the top of the corporate world for the energetic and ambitious of lower level origin. It must be remembered, however, that the economic elite is a very small group compared to the total population. Therefore the number of men in it whose fathers were also in it is very much greater than it would be on a chance basis. This suggests that internal recruitment has been an important structural pattern.**

TABLE XXVII CAREER PATTERNS OF THE ECONOMIC ELITE (SEE PAGE 275)  
 Canadian-born & Canadian- and foreign-born  
*Engineering-science; Financial; Careers in family firms; Law; Own account; Financial department; Main career in other elites; Unclassified*  
 Totals      Canadian born: 611      Canadian-and foreign-born 760

**The second outstanding feature is the virtual disappearance of the independent entrepreneur who strikes out on his own and builds up a firm large enough to be dominant on the national scene (Web Ed.)** Most of the present generation of corporation directors who could be classed as inside directors made their way up through firms which were already established when they began their careers. Less than 8 per cent of the entire elite arrived at the top by being in business on their own account. This number included a few who, in their lifetime, had established national corporations, although only five of these men were born after 1900. It is therefore evident that as the concentration of economic power proceeds new businesses rarely achieve a position of dominance. Among those few in business on their own account were some who fell into the category of elite because they headed successful businesses in local areas, and were brought on to the boards of national corporations, particularly of insurance companies and banks, as regional representatives because of their knowledge of local conditions. They also held directorships in other smaller businesses in their regions. These few should be considered as belonging more to a regional elite than a national one because they often do not achieve a high stature nationally.

(...)

The largest of these functional groups was the 170 engineers and scientists. Because their skills lie in the technological aspects of industry, their career lines were mainly through the various technical levels to vice-presidencies and eventually directorships and presidencies. No doubt as the career reaches its height the individual becomes less concerned with technology and more with administration and co-ordination, but at least he is familiar with the system he governs in a way which the specialist in business administration never can be. **Comparatively few persons in the elite were trained in commerce or business administration. The engineers and scientists, with the exception of three, were all university trained. The fact that a large number (30 per cent) of this professional group were not born in Canada supports the observation previously made that corporations in Canada recruit extensively abroad for men of technical competence.** Of the 118 born and educated in Canada, 42 graduated from McGill science and engineering faculties, 35 from Toronto, and 4 from Queen's. Others took their college training in the United States. Thus a good number had a common background in their university training. There were, for example, 17 who were graduated from McGill between 1920 and 1924; 5 of the 17 had previously been to Lower Canada College together. Two of these were presidents of two of Canada's largest corporations and each sat on the other's board of directors. They joined a third former classmate on the board of another large firm. This common educational background can make for homogeneity of social type.

(...)

The third large identifiable group in terms of its functional role in the corporate system included those at the head of financial institutions. This group of 127 individuals (16.7 per cent of the elite) was made up of 23 senior executives of the nine chartered banks, 10 senior executives of the life insurance companies, and 94 investment bankers, stockbrokers, heads of trust companies, and promoters acting through holding companies. **These men of the financial world cannot perhaps be called professional in the strict sense of the term, but they do have a specialized function, that of co-ordinating and controlling the supply of capital funds (Highlight by R.D.)** They do not have the professional training of the lawyers and the engineer-scientists. Less than half (45 per cent of the group) had university training. The absence of the university graduate in the higher realms of the banking world was particularly striking. Of the 23 bankers, only one was university trained. **All the rest made "the long crawl" from the teller's cage to the board room, taking, on the average, thirty-eight years for the journey. The banks more than any other economic institution have provided an avenue of upward mobility (Highlight by R.D.)** By the end of the T950's,

however, some of the banks were beginning to bring university trained people into their higher executive positions. If this break from tradition develops this important avenue of mobility may be blocked. Of the 10 senior life insurance executives, 7 were university trained, and 5 had professional careers as actuaries.

*(.. end of selection by Web Ed.)*

## SILENT SURRENDER: the multinational corporation in Canada

Kari Levitt (1970)

*Preface (by Mel Watkins)*

This book makes a signal contribution to the debate on foreign ownership which increasingly comes to the fore in this country. Let us hope that it succeeds in pushing us closer — much closer — to a strong and positive policy toward the multinational corporation, taming it for the near future and finding an effective alternative to it for the long run. I feel confident that Professor Levitt would join me in that hope. For, as the reader will soon come to realize, while Professor Levitt clearly has the skills of the professional economist and uses them here with great effect, she does not play the all-too-common academic game of writing only for her peers and of pretending detachment and neutrality. Rather she writes plainly and forcefully so as to show us the need for alternatives. She is, in the best sense of that term, an intellectual, one who criticizes the *status quo*, and prods us into working out new strategies.

The debate to which Professor Levitt so effectively contributes is one that has come late in the day for Canada. *We could have used a book such as this a century ago when the process of American direct investment in Canada was just beginning. That process was to pick up sharply in the years following the high protective tariff of 1879, and by 1913 important sectors of the Canadian economy had already been alienated into foreign hands. France produced a Servan-Schrieber crying for action when France had about as much American investment proportionately as Canada probably had by the beginning of this century.* Not till this past decade did Canada find its Cassandra in Walter Gordon. He may well have come too late, for if Mr. Gordon's *Choice for Canada* is one of the most important books of the sixties for Canadians, so too is George Grant's *Lament for a Nation*.

*That is not to say that Canadians have been unaware of the extent of foreign ownership of their economy. It is sometimes said now that it was the great paradox of Sir John A. Macdonald's National Policy that the very tariff which was intended to reduce economic dependence by limiting imports in fact increased economic dependence by encouraging the entry of branch plants to produce behind the tariff wall. But Sir John A. and the Canadian capitalists who supported him appear to have been all too conscious of what was happening. Indeed, the point is that far from deplored the fact, they cited the rising investment and growing job opportunities as proof of the effectiveness of the National Policy.*

Little is now to be gained by wishing that this increasing dependence through foreign investment had not been so. Rather, we should draw from it two morals of relevance down to the present day. The first is that Canadian capitalists have never been a wholly reliable lot so far as standing up to foreign corporations is concerned, and it is asking a good deal for them now to shoulder a burden which they have never borne. If we want independence, we had best seek more reliable support.

The second moral is that the stimulus to the economy provided by foreign investment, and particularly the new jobs created, has always been its chief appeal to the general public. The argument is usually made conversely: that if restrictions were placed on foreign investment Canadians would be economically worse off. This is, to say the least, a legitimate fear. *It can hardly be doubted that to inhibit foreign entrepreneurs, and do nothing else, would be a*

*disastrous course of action. After all, Canadian entrepreneurs do leave something to be desired. So it is that "the more reliable support" that one might have hoped would come from Canadian workers has been relatively muted. (Notably also, a policy of state-investment in industry as well as resources financed by a public federal bank, or even a vigorous application of the NDP leadership's chimerical belief in a mixed economy, could have provided an alternative to the US financial invasion -- Web ed.)*

*Yet the branch-plant economy that results, as Professor Levitt makes clear, is hardly dynamic by the ordinary standards of an ability to generate its own growth. Nor is it clear that Canadian business would be so passive if it had not been subdued for so long by the greater power of foreign business, for when all is said and done, entrepreneurship, as with any innovative and creative experience, is best learned by doing.*

In any event, it is no longer necessary to tolerate foreign domination at the risk of falling prey to inefficient Canadian capitalists. *For if foreign private investment is one way to create jobs, another is Canadian public investment. If foreigners get frightened away, that is insufficient reason for throwing in the towel. The instrument of the Crown corporation is a potent one to generate new activities and jobs — and very probably more creative jobs than are likely, in the nature of the case, to exist in a branch-plant economy.*

There is little doubt that another important factor in our history — and one that is particularly relevant in explaining the lateness of the debate — is the recurring argument that the need for heavy reliance on foreign capital will be only temporary, that in due course the Canadian economy will mature to the point of becoming independent. It is clear from today's vantage point that that comfortable view has been, without exception, wrong. It is, perhaps, a sign of our growing political sophistication that such arguments have now disappeared and the phenomenon can be faced for the long-run threat that it is. We know now that it will not go away alone. Nothing in the past, be it booms, wars or depressions, and certainly not Canadian policy, has stopped the process. *Once the most dynamic sectors of our economy have been lost, once most of the saving and investment is taking place in the hands of foreign capitalists, then the best prediction is a steady drift towards increasing foreign control of the Canadian economy with the only certain upper limit being 100 per cent.*

But the debate finally did come to Canada, thanks largely to Mr. Gordon, and it is instructive to trace it through some of the numerous issues on which it has since touched. The major concern initially was with respect to the consequences of foreign direct investment on the viability of the Canadian balance of payments. At times, the matter was stated too simply, to the effect that Canada had a large deficit in its balance of payments which was in itself undesirable. Economists — and I must confess myself included — found it easy to point out that the capital inflow caused the deficit, rather than the reverse, and that the state of the Canadian balance of payments was not such as to weaken our currency, evidence of weakness being more clearly attributable to gross mismanagement by central bankers and Ministers of Finance. In retrospect, we were substantially right, but we managed seriously to miss the point.

I suspect now that what Mr. Gordon and others — notably Mr. Coyne (*the Minister of Finance -- Web Ed.*) — were getting at were quite different things. They sensed that a country that comes to rely on the continuing inflow of capital develops in many ways an appetite that grows with the eating, and becomes increasingly vulnerable to interferences with the free flow of capital. Critics at the time argued that the policies which Mr. Gordon articulated themselves constituted interferences with the inflow of capital about which he worried. But history has been kinder to him, and shown him to be simply ahead of his time. *Twice in the past decade the United States*

*has chosen unilaterally to interfere with the free export of its capital — first with the Interest Equalization Tax of 1963 and then with the mandatory controls on direct investment firms in 1968 — and the vulnerability of the Canadian economy and its currency was both times dramatically demonstrated for all to see.*

These first serious critics seem also to have understood intuitively something that the conventional economist has a trained incapacity to grasp, namely, that the return flow of earnings to the foreign capitalists was not simply to be judged as to whether the balance of payments could stand it, and whether it was "fair" as a rate of return, but rather must be seen as the appropriation in perpetuity of the economy's surplus. *Foreign direct investment is based less on the inflow of new capital than on the retention of earnings made in Canada. It is Canadian savings that have financed much of the foreign investment which then has to be serviced indefinitely; relevant data are cited by Professor Levitt. Put differently, the multinational corporation is more certainly a means to drain surplus than to create it.* (N.B., N.B.,-- Web ed.)

If the state of the balance of payments was a persistent theme, always overhanging the debate, the issue of Canadian sovereignty flared up sporadically around some specific incident — real or alleged — which momentarily captured the attention of the press, and then disappeared with little or anything having been resolved. Trucks could not be sold to China; drugs could not be shipped to North Vietnam; flour could not be sold to Cuba. The details are always murky: did Ford ever really receive the order for trucks? *But the moral is clear: whether the Chinese did or did not order trucks, the order could not have been filled by Ford of Canada without Washington's permission — unless Ford's Canadian managers were prepared to risk having their American masters go to jail, which is, to say the least, implausible on the face of it.*

This is what the experts call "extra-territoriality". It is a nice word for legal imperialism, and makes visible the nationality of the multinational corporation. The United States uses its direct investment firms to force constraints on other countries that these countries would not, in general, impose on themselves. There is no doubt that the sovereignty of the host country is eroded. When an incident occurs, it evokes a response that is hot, because U.S. policy is so obviously illiberal. But the response is ephemeral because, after a moment's thought, it is clear that the problem inheres in the situation. *It is unreasonable to expect the United States to tie its own hands; no sensible country would unilaterally agree to let its corporations escape its jurisdiction unless it were subjected to substantial external pressures. Not surprisingly, External Affairs in Ottawa, assuming that little can be done, prefers to keep the public ignorant and the issue out of sight—and calls the strategy "quiet diplomacy."*

While extra-territoriality is an issue in its own right, its real importance lies in the fact that being, in the words of Abraham Rotstein, "the tip of the iceberg," it can alert us to the unseen nine-tenths. What is presumably going on beneath the surface is an insidious tendency for foreign direct investment to result in a shift of the locus of decision-making from Canada as host country to the United States as imperium. To imagine that eliminating extra-territoriality would remove this political cost is similar to believing that removing iceberg tips would make shipping less hazardous. Rather, these periodic incidents should serve to alert us to the pervasive loss of power that inheres in foreign direct investment. No sensible company lets the managers of its subsidiaries have complete autonomy. *Foreign ownership means that decision-making in the private sector takes place outside Canada, and one must indeed be naive to believe that where private decisions are made is irrelevant when the economy is chiefly composed of large private corporations.*

Professor Rotstein excepted, Canadian economists have had little to say on matters political. They have had a good deal to say on the economics —narrowly conceived — of foreign investment but much of it has been of less import than it might have been. In the past decade, increasing attention has been devoted to the wide and persistent difference in the level of productivity of the American and the Canadian economies. The Canadian economy has been aptly described, by H. Edward English of Carleton University, as a "miniature replica" of the American economy, with too many firms producing too wide a range of products for the smaller economy to be as efficient as the larger. The search for causes, however, has too frequently turned up the Canadian tariff, and nothing else. As a result, the possibility that market fragmentation inheres in industrialization dominated by multinational corporations — a possibility that Third World economists, notably in Latin America, have increasingly come to insist upon — has been obscured in Canada. The problem has been laid at the door of Canadian policy in general, and the tariff in particular, and the possibility ignored that the size and profitability of corporations alone are no guarantee that the total structure of the economy is efficient. Size may result from the pursuit of monopoly and profits from its achievement. *Indeed, there is reason to believe that large corporations can adapt, in the sense of private profitability, to any condition of economic efficiency or inefficiency, while the recently-published interim Report of the Barber Commission on farm machinery shows that the economist's universal panacea of free trade is, in fact, no guarantee of either efficiency or low prices.* Certainly, reducing the Canadian tariff tomorrow would more likely result in chaos than in greater benefits for Canadians from foreign ownership. *The discipline of the competitive economy is absent when dealing with the wide powers of discretion of the multinational corporation where anything goes.*

What is needed is some drastic restructuring, or rationalization, of Canadian industry. Once that is attempted in a serious way, it will quickly become clear that it matters whether firms are national or multinational — if for no other reason than that the latter, being mostly American-based, may not be able to tolerate restructuring because of another kind of extra-territoriality, American antitrust law and policy. *In any event, the need to go well beyond tariff adjustments, and begin such difficult tasks as making Canadian industry more research-oriented and innovative and of having a Canada Development Corporation that acts as a catalyst for moribund industry, would have to be faced.*

On the issue of industrial structure a Canadian economist at Yale University, Stephen Hymer, wins the prize for relevance. By shifting the topic of foreign direct investment from the relatively sterile world of the theory of international economics to the less tidy but more interesting institutional world of industrial organization, Professor Hymer put his finger on a fact much neglected by economists prior to 1960, namely, that most foreign direct investment was accounted for by a small number of firms operating in industries that the economist calls oligopolistic. *The consequences for policy-making of that shift in perspective are substantial, for if what foreign ownership is about is big business, or trusts, then what policy toward foreign ownership should be about is a combination of keeping business competitive and regulating the trusts.* This insight pervades the Watkins Report, to which Professor Hymer contributed as a member of the Task Force, and *that Report can be read as the sustained application of policies that recognize the reality of the bigness, and the monopoly power, of the multinational corporation. Only by constant surveillance and regulation can the economic benefits of foreign ownership be made large and accrue to Canadians.*

The Watkins Report did make an important contribution to the debate on foreign ownership in Canada, though Professor Levitt is too kind. But if the merits of that Report have increasingly

been recognized by Ottawa as it moves at last to a more positive policy on foreign ownership, the debate, even since the Report was issued, has served also to show its limitations. To begin to face the reality of the multinational corporation as oligopolist is a step in the right direction, but it need not lead to policy recommendations that go beyond increasing the benefits and decreasing the costs of foreign ownership—that is, it does not compel the search for basic alternatives.

*There are, in principle, two such alternatives, two options other than that of the dependent capitalist economy which comes with domination by foreign corporations. The first is the one popularized by Mr. Gordon, which might be called building an independent capitalist Canada.* The failure of the Watkins Report to come to grips with this alternative is evident in the absence of any serious discussion of a policy on takeovers, the blocking of which would greatly facilitate independent capitalism, or of extending existing policy of keeping certain key sectors as the exclusive preserve of Canadian capitalists. Reality, however, has intruded itself; in the past year these two issues have been near the centre of the political stage, and they promise to figure prominently in the debate for some time to come.

*The second option burst upon the Canadian scene in a quite unexpected way with the debate at the New Democratic Party's convention in 1969 on the issue of an independent socialist Canada.* The continuing interest that has been aroused showed that the issue of economic independence — on which Mr. Gordon had so long struggled almost alone — had become a matter of increasing concern to many Canadians. No other political event so clearly compelled the Liberal government to try, at long last, to formulate a policy toward foreign ownership with at least the appearance of seriousness. It has been the fate of the left and its policies in this country to be co-opted. It is too soon to tell whether Mr. Trudeau has managed, Mackenzie King-like, to appear to deal effectively with the issue, though it is already clear that the N.D.P.'s left wing that came out of Winnipeg has no intention of calling it quits. It seems that the debate on foreign ownership will not only continue, but will take place at a much more fundamental level than at any prior time in the Canadian experience (*alas, 'twas not to be -- Web ed.*)

But I am guilty already, not only of special pleading, but of running ahead of Professor Levitt who had completed her manuscript in the main before these new events intruded. Readers who have stayed with the preface thus far should now be allowed to read the book proper, for it is indeed capable of standing on its own feet and being judged on its own terms.

Only one final word is necessary. This book, in an earlier monograph form, has already had an active underground life. Professor Levitt has become one of the few Canadian academics to earn the respect of Canadian radicals, and to achieve the accolade of the footnote, particularly in the recent writings of Charles Taylor and Cy Gonick. Publication now in book form makes *her* work accessible to a multitude of new readers, who will be informed and stimulated — as I was then and now.

MEL WATKINS April 16, 1970

# Silent Surrender

## The multinational corporation in Canada

Kari Levitt (1970)

### 1. *The Recolonization of Canada*

CANADA'S MAIN PREOCCUPATION in centennial year was with her chances of survival as an independent sovereign country. The mass circulation *Star Weekly*, in its Canada Day issue of 1967, featured interviews with two distinguished Canadians under the heading "Can Canada Survive?"

One of these was Walter Gordon, then President of the Privy Council and chairman of the cabinet committee which had responsibility for a task force to enquire into the effects of foreign investment on the Canadian economy. A White Paper outlining government policy was promised for the autumn of 1967. The "Watkins Report," named after Professor Melville H. Watkins, who served as head of a team of economists recruited from the universities, was published in February 1968.<sup>1</sup> But because the government could not reach agreement no policy proposals were in fact formulated.

Here then is part of Walter Gordon's reply to the question put by the *Star Weekly* in July 1967:

["] During the last fifty years we have freed ourselves of traces of colonial status insofar as Britain is concerned. But having achieved our independence from Britain, we seem to have slipped, almost without knowing it, into a semi-dependent position in relation to the United States.

["] While the relationship is a benevolent one, if present trends are allowed to go unchecked — *if we fail to arrive at a consensus of national goals and objectives* — then, as I've intimated, Canada may not exist as a separate and independent nation for another 100 years.

["] The choice is clear. We can do the things that are necessary to regain control of our economy, and thus, maintain our independence, or we can acquiesce in becoming a colonial dependency of the United States, with no future except the hope of eventual absorption.["]

And again, from the same interview: ["] Already, in my view, we have surrendered too much ownership and control of our natural resources and our key industries to foreign owners, notably those in the United States. And history has taught us that with economic control inevitably goes political control. This is what colonialism is all about. Indeed, it is sadly ironic that in a world torn asunder by countries who are demanding and winning their independence, our free, independent and highly developed country should be haunted by the spectre of a colonial or semi-colonial future.["]

Undoubtedly Walter Gordon represented a minority view within the cabinet. The majority opinion of the government was one of apprehension that the views expressed by Mr. Gordon might check the flow of American capital into the country and slow down economic growth. Indeed, Mr. Gordon's subsequent resignation from the cabinet position and his retirement from the political scene can be interpreted as a rejection of his views in the counsels of the Liberal party and the federal government.

**In an interview in the Centennial Canada Day issue of the country's leading mass circulation monthly, *Maclean's Magazine*, Mr. Pearson, then prime minister, conceded that Canada was indeed a political satellite of the United States.** In discussing Canada's position on the war in Vietnam, Mr. Pearson warned that "we can't ignore the fact that the first result of any open breach with the United States over Vietnam, which their government considers to be unfair and unfriendly on our part, would be a more critical examination by Washington of certain special aspects of our relationship from which we, as well as they, get great benefit."

**To the interviewer's comment that "this isn't really very different from satellite status, is it?" Mr. Pearson admitted as much: "It is not a very comforting thought, but, in the economic sphere, when you have 60 per cent or so of your trade with one country, you are in a position of considerable economic dependence."**

The links of dependence, however, extend far beyond normal commercial trade. Earlier in the centennial year, in a public reply to an appeal by some four hundred University of Toronto professors for dissociation from the war in Vietnam, Mr. Pearson reviewed the benefits which Canadians gain from the integration of defence production and concluded that for a broad range of reasons it is clear that the imposition of an embargo on the export of military equipment to the U.S. and concomitant termination of the Defence Production Sharing Agreements would have far-reaching consequences that no Canadian government could contemplate with equanimity.

#### **The New Mercantilism of Direct Investment**

The links of trade referred to by Mr. Pearson in large part arise from the operations of American-based corporations in Canada. They are manifestations of a new mercantilism of corporate empires which cut across boundaries of national economies and undermine the national sovereignty of the hinterland countries in which their subsidiaries and branch plants are located.

A feature which the new mercantilism shares with the old lies in the way enterprises use their economic power and their political influence, and indeed, the military strength of their metropolitan governments, to protect their investments against disruptions in the market for their supplies and their sales.

**Uncertainty in the free market has been reduced and sometimes even eliminated by converting market transactions into intra-company transfers through the device of vertical integration (thus, the "Vertical mosaic" as described in Porter's 1965 classic -- Web Ed.)** Further, the large corporations have used their power to obtain from metropolitan and peripheral governments a network of preferential and bilateral trading arrangements and fiscal concessions which, in some ways, resemble the exclusivist privileges of the old mercantile systems.

**The "special aspects of our relationship" referred to by Mr. Pearson consist of a set of preferential arrangements granted to Canadian businesses by the government of the United States. These include exemption until recently from import quotas on exports of crude petroleum; the partial free-trade agreement in automobiles and automobile parts (which contravenes the general provisions of GATT); the exemption of Canada from the U.S. Interest Equalization Tax; and (until very recently) from U.S. directives to international corporations concerning prescribed levels of overseas direct investment.**

Preferences and concessions made to hinterland countries are in large part the outcome of the pressure that can be brought to bear on the U.S. government by the various American lobbies and domestic interests. Farm products, in which Canadian interests predominate, obtain few concessions and have largely been shut out of the American market. American farmers are able to exercise considerable political leverage and the American consumer has little power. Canadian lead-zinc exports are subject to highly restrictive quotas in the U.S. market because American metal producers in the Mountain states can exercise political power in the U.S. Senate to protect their regional interests.

In contrast, pressure from inefficient American iron ore producers for protection against ore imports from Canada has been ineffective. The huge Labrador iron ore deposits have been developed by capital and enterprise mobilized by the American steel industry, which requires a large, safe and cheap supply of iron ore. These same American steel interests, together with New York State electricity consumers, finally induced U.S. Congress to approve participation in the St. Lawrence Seaway, a good quarter-century after the proposal was first made by the Canadians. Canada's exemption from American import quotas on crude oil had less to do with the successful pleading of Canadian oil producers than with the energy needs of the influential Western states.

**The participation of the major American automobile companies as formal signatories to the agreement between the governments of Canada and the United States, setting out the conditions of free trade in the continental automobile industry, is perhaps the most dramatic evidence of the fact that trade talks nominally conducted between two countries were in effect joint negotiations between representatives of the two governments and of the three international corporations.**

The bargaining position of Canada *vis-a-vis* the United States is neatly summarized by Professor Aitken, who has provided the most carefully documented and penetrating account of the relationship of Canada's resource industries to the United States:

**["] Mutual dependence, even when explicitly recognized by both parties affords no guarantee that Canada's interests and aspirations will be given adequate recognition when U.S. policies are decided upon.** Canada in the past has been reduced to expressing her objections in terms of equity of fair play. Not surprisingly, the results have been disappointing. Experience has underlined a principle that could have been stated *a priori*. **If Canada wants the United States to do something, she must be able to prove it is in the national interests of the United States to do it.["]<sup>2</sup>**

In this same context Professor Aitken warned that bilateral preferential arrangements between the United States and Canada inevitably weaken Canadian political autonomy: ["] If Canada seriously wishes to resist and retard the process of continental integration, she should refuse to accept such discriminatory treatment when it is offered. It is, indeed, by Canada's reaction to such bilateral proposals that outside observers will be inclined to gauge what weight Canadians do in fact attach to their autonomy and what sacrifices of economic advantage they are prepared to make to achieve it.["]<sup>3</sup>

**Evidently there is a price to be paid for the special relationship. Thus, Canada is prevented from exporting crude oil to Japan, and Canadian subsidiaries are prohibited by U.S. legislation from filling orders from countries blacklisted by the government of the United States.** Because of the U.S. Trading with the Enemy Act, Ford of Canada was not able to supply trucks to China, some flour milling companies were not permitted to fill orders from Cuba, and a number of Canadian drug companies were debarred from selling medical supplies to the Society of Friends for use in South and North Vietnam. **The potash industry of Saskatchewan, which is entirely controlled by American subsidiaries, was able to fill orders from China only by obtaining special exemption from the American ban on such transactions.** While it might appear that business lost by the extra-territorial application of the Trading with the Enemy Act is small compared with the advantages gained by free access to the American market, this is a view which neglects the possibility of radical shifts in the pattern of Canada's trade.

Canada's ability to withstand economic and diplomatic pressure from her southern neighbour is determined by the strength of Canadian vested interest — whether private or public — in re-

lation to the American corporations and lobbies. Sectors where ownership is Canadian, and markets are not subject to special arrangements or concessions from the United States, have significantly more freedom. Thus, in the case of the wheat sales to communist countries, American wheat producers could do little more than express displeasure and envy.

**Furthermore, the gains from the special wheat deals to the prairie farmers, to the transportation industry and to the politicians who were instrumental in negotiating them, have been substantial. (Except that since that period, the Canadian wheat marketing board has been dismantled by the Harper government, ending Prairie farmers' control -- Web Ed.)**

An instructive example of unsuccessful American intervention against strongly organized Canadian interests was provided by the Mercantile Bank affair. In this instance, a sharply-worded diplomatic protest was delivered to Ottawa informing the Canadian government that its banking legislation was "unacceptable" to the government of the United States. Neither this intervention nor the threat by American commercial banks to withdraw clearing facilities from Canadian banks was successful in securing entry for the First National City Bank into the Canadian banking system. **Citibank had purchased a controlling interest in the Mercantile Bank of Canada, after being warned that Canadian banking legislation would not permit the acquired bank to be expanded into a larger operation. Both the warning and the Canadian legislation were ignored on the miscalculation that sufficient pressure could be mounted to break the monopoly of the Canadian banking system.** But eventually Citibank had to retreat and finally was forced to bargain for the opportunity to sell their holdings in the Mercantile Bank on terms which would minimize their loss.

Although a good case could be made for more competition in the Canadian banking system, the American bank was effectively excluded because Canadian banking is tightly monopolized by a small number of very large Canadian-owned banks. This structure has been well secured by federal legislation. Canadian predominance in banking, transportation and communication is a historical legacy dating from the days of mercantile economy. **Canada is one of the few countries who have not permitted American banks to enter—a striking contrast to the permissive attitude she has adopted towards American branch-plant industry.**

In contrast, American intervention successfully protected the privileged position of *Time* magazine. The Canadian edition sold 356,000 copies in 1967. It has the most "select" readership of its size in Canada; the average income of *Time* subscribers was reported to be \$13,000. The man who assembles the four Canadian pages of *Time* was once described by a federal cabinet minister as "just about the most influential newspaperman in Canada." With an editorial product already paid for in the United States, *Time* raked in \$6.5 million of advertising revenue in Canada in 1966. The magazine split its press runs in five regional and even local editions, apart from the Canadian edition. **Together with *Reader's Digest*, it absorbed close to 60 per cent of Canadian advertising revenue. The result was that Canadian mass circulation monthlies such as *Maclean's Magazine* or *Chatelaine* were no longer financially viable without subsidy.**

In a House of Commons debate, spokesmen from the New Democratic Party called *Time* "disreputable," "deplorable" and "intrinsically vicious." In the same debate, then opposition leader John Diefenbaker said that the magazine "has devoted itself to interpreting the news and re-writing it so as to direct Canadian thinking. It is not a Canadian magazine. It has three or four pages of Canadian news in each issue, which makes it a counterfeit magazine when it pretends to be Canadian. It uses these four pages to give its viewpoint, which is not a Canadian viewpoint, to Canadians week after week. To what purpose? It is to tell Canadians what they

should do." Walter Gordon's comment: "Influential? Yes, perhaps too darn much so, as a Canadian power directed from New York."

In 1960 a royal commission investigated what should be done to save Canadian magazine publishing from extinction by unfair competition from *Time* and *Reader's Digest*. The chairman was one of Canada's distinguished newspaper editors, Senator Grattan O'Leary. The O'Leary Commission recommended that expenditures on advertising placed in Canadian editions of foreign magazines should no longer be tax-deductible. Implementation of the recommendations of the O'Leary Commission would have driven *Time* out of competition for the Canadian advertising dollar. The original U.S. edition would of course have continued to enter Canada, like any other American magazine. **"It may be claimed," wrote the Commissioner, "that the communications of a nation are as vital to its life as its defences and should receive at least as great a measure of protection."**

**No less a person than President Kennedy interceded to inform the prime minister of Canada that he wished *Time* to be exempt from any legislation based on the O'Leary report. Washington put pressure on the Pearson administration by making exemption a pre-condition for agreement to the pending treaty on partial free trade in automobiles and parts.** As Walter Gordon wrote in his book, *A Choice for Canada*: "Approval of the automobile agreements might have been jeopardized if a serious dispute had arisen with Washington over *Time*." *Time* and *Reader's Digest* were both exempted from the bill, passed in 1965, which denied tax deductibility for advertising in any foreign-owned publication aimed at the Canadian market. The effect was to leave these two "branch-plant" magazines stronger than ever, protected against future competition from the United States. Senator O'Leary was outraged. He termed it "the probable death sentence on Canada's periodical press with all that can entail for our future voyage through history."

**There were no vested interests in Canada strong enough to counter the pressure mounted by Mr. Henry Luce. Furthermore, in the automobile negotiations the Canadian government was in the position of begging favours not only from U.S. Congress but from the Big Three (*General Motors, Ford and Chrysler Corp, in the days before Toyota, etc. -- Web Ed.*)).** In such delicate bargaining even Walter Gordon agreed that "in the circumstances, the decision to grant the exemptions was realistic." The unfortunate Mr. Gordon added that "explaining the reasons to the Liberal party caucus was one of the most unpalatable jobs I had to do during my period in government." The lesson was not lost on Mr. Gordon. **Sovereignty is not compatible with branch-plant status; the greater the degree of foreign ownership and control of Canadian industry, the narrower the freedom of choice in economic as well as political matters.**

### **The Abrogation of Fiscal and Monetary Controls**

For Canada, concern about the degree of control exercised by U.S. corporations was first expressed when the euphoria engendered by the boom of the 1950s was followed by three years during which per capita income did not rise at all. At the same time U.S. economic control continued to grow and there was a dramatic series of purchases of old-established Canadian businesses. Expressions of concern, however, were limited to a handful of public personalities whose warnings were, by and large, dismissed with scorn by business, government and the academic community. Walter Gordon's efforts to impose punitive measures on takeovers in 1963 were rejected by business and by his cabinet colleagues. The unforgettable Mr. Coyne,

then governor of the Bank of Canada, warned that Canada was "living beyond her means" and should reduce her dependence on foreign capital. Unfortunately, he failed to understand that the tight-money policies he advocated, in the misguided belief that they would produce more Canadian savings, in fact induced a massive inflow of capital from the cheaper money markets of the United States. Furthermore, tight money depressed the Canadian economy by curtailing purchasing power when it should have been expanded.

Concern became more widespread with the announcement of the "voluntary guidelines" issued to the American financial and industrial community by the U.S. Treasury in 1965. **The directives given to nine hundred multinational corporations by President Johnson constituted, as Mr. Kierans observed, "a tightening of the American grip on our economy that threatens the attainment of our own economic objectives and are an infringement of our political sovereignty."<sup>5</sup>**

**These guidelines demanded that each of the participating companies take steps to expand exports, increase the remittance of dividends and other payments from abroad, increase long-term borrowing in other countries, repatriate short-term assets held abroad — particularly with Canadian financial institutions — and postpone or eliminate direct investment projects.** The total of capital funds sent out of the U.S. by direct investment plus reinvested earnings was not to exceed, in 1965 and 1966 together, 90 per cent of a company's total investment abroad over the three-year period 1962, 1963 and 1964. This was expected to limit U.S. capital outflows by direct investment in 1966 to the levels prevailing in 1964. The president of each of these multinational corporations personally agreed to submit detailed quarterly progress reports to the U.S. government.

**The statement of December 1965, which extended this program to Canada, as well as to a number of oil-producing countries (all of which had previously been exempted from similar programs), stated explicitly that the purpose of the program was to increase military expenditures, without putting undue pressure on the dollar:**

["] I am personally confident [U.S. secretary of Commerce J.T. Connor said] that the leaders of American business fully understand the seriousness of the foreign situation which we face. Furthermore, the increased military effort in Vietnam will put further pressure on our balance of payments. To help compensate for the added drain, we have found it necessary to strengthen the voluntary program for 1966[."] <sup>6</sup>

The United States has, of course, the right to reduce the outflow of funds. But when a country has put itself in the situation where the government of a foreign country can dictate the investment policy, the dividend policy, and the purchasing policy of the greater part of its commodity-producing economy, that country has in effect relinquished control over the operations of its business sectors. **For this reason the guidelines were deeply disturbing to many Canadians who previously did not feel concern about the high degree of foreign ownership of industry. Furthermore, the leverage of control by the United States Treasury is much greater than appears at first sight.**

In 1964, for instance, gross investment expenditures by American branch plants and subsidiaries in Canada were reported at \$2,557 million. Of this amount, however, only \$126 million (5 per cent) originated directly from United States sources. Internal financing amounted to \$2,008 million (78 per cent), while a further \$423 million (17 per cent) was mobilized by Canadian financial institutions. However, the investment policy of the subsidiaries, according to the guidelines, would affect not only the 5 per cent of direct U.S. cash inflows but all funds except those borrowed in Canada. As Mr. Kierans said: "We are no longer dealing with the large

numbers of economic theory but with a single directing voice; not with the disparate independent decisions of thousands of businessmen but with hard government policy."<sup>7</sup>

According to the propositions found in textbooks the government of an independent country with a developed banking system is able to influence the level of economic activity and prices by the exercise of fiscal and monetary policy. Fiscal policy is supposed to control aggregate spending in general and the rate of capital formation in particular. **But how can Canada operate global fiscal controls when the investment decisions of the major part of its modern industrial sectors are in effect controlled by the U.S. Treasury?**

Although monetary policy is of limited effectiveness in a country which is open to large international capital flows and maintains a fixed exchange rate, Canada had had some freedom of action in this area until 1963. **In that year the Canadian government voluntarily negotiated away the vestiges of its control over monetary policy when it begged and received exemption from the 15 per cent Interest Equalization Tax imposed by the United States, in exchange for a commitment not to allow reserves to rise above a ceiling of \$2.6 billion.**

Mr. Earl McLaughlin, chairman and president of the Royal Bank of Canada, commented in January 1966 that the independence of Canadian monetary policy has never been at a lower ebb: ["] External vulnerability of monetary policy, under fixed exchange rates was greatly increased by the agreement of July 1963 with<sup>1</sup> the United States, not to allow exchange reserves to rise significantly above \$2.6 billion. It is impossible to meet these externally imposed conditions, and at the same time protect the Canadian dollar by monetary restraint. **Under the new arrangements, our own monetary authorities appear to be attached to a string, or a system of "guidelines" the business end of which is held in Washington.["]<sup>8</sup>**

In commenting on the trend towards less and less freedom for Canada to pursue an independent course of action, Mr. McLaughlin was highly critical of the Canadian government: ["] What seem to be purely external pressures are often the aftermath of some concession sought, and obtained, by our government for purely selfish national reasons. But concessions can be withdrawn, and an economy built on concessions is far more vulnerable than it ought to be.["]

In the traditionally conservative words of central bankers, Mr. Louis Rasminsky, governor of the Bank of Canada, explained the situation to his central banking confreres in the following terms:

["] I want to refer briefly to some important limitations to which monetary policy in Canada is subject. There is no foreign exchange control in Canada and there are many channels that link Canadian and foreign capital markets, particularly the United States capital market. There is no official control over new issues and many Canadian borrowers who have access to both markets carefully appraise the conditions that confront them... before deciding where to sell their long-term bond issues. The situation may be unique. I do not suppose that many of you find your regional governments and cities, as well as large businesses, selling new long-term issues outside your countries.

["] The connections between the capital markets of Canada and the United States are so close that substantial changes in credit conditions in Canada may give rise to large inflows or outflows of capital. This could of course be a particular limitation in view of the arrangements with the United States by which we have undertaken to work to certain reserve targets in exchange for exemption from the Equalization Tax for new issues of Canadian securities in the capital markets of the United States.

["] The recent U.S. balance of payments crises, however, have been of such dimensions that not even Canada could be exempt from counter-measures. The January 1968 directives issued by the U.S. government were no longer "voluntary," but mandatory. They resulted in a

considerable outflow of funds from Canada. There was pressure on the Canadian dollar, panic in Ottawa and the usual emergency despatch of the finance minister to Washington to plead Canada's special status as America's most dependable satellite[.]<sup>9</sup><sup>10</sup>

**Exemption was once again granted. In return Canada liquidated the remnants of its monetary independence. Washington demanded, and Canada agreed, to convert one billion dollars of her exchange reserves into U.S. securities. This represented over one-half of current holdings, which Canada will only be able to call on at the discretion of the U.S. Secretary of the Treasury.** Nor was this all. In exchange for unrestricted access to the American capital market Ottawa agreed to police the United States balance of payments regulations for Washington by placing its own guideline-restrictions on Canadian banks and other financial intermediaries as well as Canadian incorporated industrial companies. Ottawa made it known that it did not wish overall foreign investment by Canadian corporations to increase to such an extent that Washington could claim that American companies were evading U.S. regulations by channelling foreign investments through Canadian companies.

Dr. W.E. Clendenning, the spokesman for Richardson Securities, a leading Canadian investment house, in December 1968 stated that these agreements have in effect "welded Canada and the U.S. to a form of monetary union, a prelude to what the monetary and exchange rate situation would be under a formal free-trade area arrangement between the United States and Canada," and they implied the loss of a further substantial portion of Canada's already limited monetary freedom *vis-a-vis* the United States.<sup>11</sup>

Canadian interest rates are in effect tied to U.S. interest rates. They cannot be raised above a certain level, whether this is, or is not, appropriate for the economy. If interest rates were to be raised above the effective ceiling, Canadian reserves would rise above the agreed floor. In this case Canada would be forced to buy U.S. bonds, i.e. Canada would be forced to lend funds to the U.S. on short term while at the same time importing long-term capital, both in the form of bonds and controlling direct investment. **Dr. Clendenning pointed out that any effort on the part of Canada to return to a flexible exchange rate, or to revalue upward the Canadian dollar, would bring retaliation from Washington in the form of withdrawal of exemptions from the balance of payments restrictions on capital flows to Canada.**

While Dr. Clendenning believes that the price of those arrangements, although high, was on balance worth paying, Dr. D.B. Marsh, assistant general manager of the Royal Bank of Canada, maintained that Canada paid too high a price for these concessions, which were negotiated in the mistaken belief that the Canadian dollar was in a weak position. **The Canadian dollar was, and is, according to Marsh, ridiculously undervalued. The implication is that it is not the Canadian dollar but the U.S dollar which is in difficulties and that concessions made by Ottawa are in effect made to assist the U.S. balance of payments, rather than our own.**

The inability to close the gap between American and Canadian interest rates results in a choice between undesirable monetary expansion and resulting rising prices, and a reduction in government spending. Writing at the time of the emergency economy drive in September 1967, Bruce Macdonald, of the *Globe and Mail*, made the following very interesting observations:

["] In a confidential memorandum quietly circulated recently, an influential private investment consultant with top level contact both in Ottawa and Washington said the substantial increase in credit ground out by the central bank in an effort to keep up with demands of governments and business was responsible in large measure for the greater inflationary spiral that had developed in Canada.

["] With a fixed exchange rate it seems that this government cannot run as large deficits as its predecessors because they lack the ability to press interest rates higher than U.S. levels (as in 1958-62) and when they outrun the willingness of the public to buy their paper they must force it on the banks, with a resultant monetary expansion and consequent rise in prices.

*Although Mr. Sharp never spelt it out it appears to be a recognition of the limitations forced on the country by the fixed exchange rate and the agreement with Washington on total exchange holdings that led him to conclude that the only viable alternative was a substantial cutback in government spending and borrowing]."<sup>12</sup>*

Evidently, Canadian monetary and fiscal policies have both been harnessed to serve the U.S. Treasury in their efforts to close the U.S. balance of payments gap and protect the value of their dollar. This is indeed the classical position of a colonial economy.

The cost of special status has been very high. Deal by deal, beginning in 1963, Canada has moved towards a colonial monetary system whereby surplus foreign exchange earnings are automatically lent to the metropolis. "Le droit de battre monnaie" ("the right to raise money" -- *Web Ed.*) has virtually been relinquished.

*Notes to Chapter I*

1. Report of the *Task Force on the Structure of Canadian Industry*, Privy Council Office, Ottawa, January 1968.
2. Hugh G. J. Aitken, *American Capital and Canadian Resources*, (Cambridge: Harvard University Press, 1961), p. 156. Aitken adds that success for Canada is likely only when she is able to "associate her interests with the interests of particular groups in the United States, who, for their own purposes, are prepared to support policies which Canada also supports." (p. 157). 3. *Ibid.*, p. 111.
4. Walter Gordon, *A Choice for Canada*, (Toronto: McClelland and Stewart Ltd., 1966).
5. Address by E.W. Kierans, Minister of Health of the Province of Quebec, to the Toronto Society of Financial Analysts. February 1966.
6. U.S. Department of Commerce, Press Release, December 6, 1965. 7. Kierans, *op. cil.*
8. W. E. McLaughlin, chairman and president of the Royal'Bank of Canada. Address to the 97th Annual Meeting of Shareholders, January 1966.
9. Louis Rasminsky, governor of the Bank of Canada: Text, opening lecture of the 20th International Banking Summer School. Queen's University, Kingston, August 1967.
10. The incident was graphically described by M. H. Watkins in an article which came to my attention while making final revisions of this manuscript. In reference to the Canadian dollar crisis of January 1968, *Watkins commented that the crisis ended only when Mr. Sharp, then Minister of Finance, telephoned Mr. Fowler, the U.S. Secretary of the Treasury, and asked him to tell the American firms to tell their Canadian subsidiaries to take it easy. Just for a moment the powergrid was let up. Ottawa found it could communicate with Canadian incorporated firms only through Washington.*" *Journal of Canadian Studies*, February 1969.
11. E. W. Clendinning, author of a study on the costs of Canadian exemption from U.S. capital control. Reported in *The Gazette*, December 7, 1969, and the *Globe and Mail*, December 11, 1969.
12. *Globe and Mail*, September 5, 1967.

# **Silent Surrender**

## **The multinational corporation in Canada**

### **Kari Levitt (1970)**

#### **Chapter 7. The Harvest of Lengthening Dependence**

*(All emphasis by the Web Ed.)*

AFTER TWENTY-FIVE YEARS of heavy American direct investment Canada's freedom of action has been progressively restricted to the point where it is doubtful whether it can be regained. The loss of sovereignty is most evident in the matter of "extra-territoriality." When the metropolitan government insists on the primacy of its law over subsidiaries located in hinterland countries there is a direct conflict of jurisdiction.<sup>1</sup>

The subsidiary is faced by the question: which law is to be respected, the law of the land in which the firm is located, or the law of the country in which the owners reside? As the authors of the *Watkins Report* put it: "Confronted with two peaks of sovereignty, it is likely to defer to the higher peak on which its foreign owners reside." In Canada the extra-territorial issue has arisen in three areas of conflicting jurisdiction: export policy, anti-trust legislation, and measures taken by U.S. authorities to protect their balance of payments. In each case, Canadian subsidiaries of U.S. corporations have been obliged, by American law or administrative pressures, to follow practices which are in conflict with pronounced Canadian policy; indeed, in some instances, in conflict with Canadian law.

Although the extension of U.S. anti-trust legislation to Canadian subsidiaries may yet prove to be the most serious aspect of the "extra-territoriality" issue public attention has fastened on the export policies of American subsidiaries.<sup>2</sup> The U.S. Trading with the Enemy Act prohibits affiliates and subsidiaries, in which 50 per cent of the stock is American-owned, from engaging in trade with Communist China, North Korea and North Vietnam. Violation of the law invites criminal action against all Americans who are stockholders or directors of the parent company. The law applies even where subsidiaries do not use American materials, components or technology. Although similar legislation with respect to Cuba is slightly less restrictive, U.S. authorities called for "voluntary compliance" which, in effect, placed administrative pressure from the U.S. Treasury Department on their foreign subsidiaries not to engage in trade with Cuba. These practices are in direct conflict with Canadian trade policy, which is much more liberal. China is becoming an increasingly important customer for Canada. Although the volume of business lost is not known, it is obvious that Canada is losing both cash and legal jurisdiction over the large American-owned segment of her economy by permitting U.S. legislation to govern the export policy of a substantial part of Canadian industry.

In all these situations there are, of course, the inevitable exemptions and special deals. Concessions are made by the U.S. authorities on a case-by-case basis, when Ottawa can prove that a particular order is of importance to the Canadian economy, or that it cannot be filled by a comparable Canadian-owned company. Once again, we have the pattern of begging favours from the metropolitan power to lift restrictions which violate Canadian sovereignty in the first place.

In commenting on the legal and administrative apparatus set up by the U.S. government to implement their legislation abroad, the *Watkins Report* concluded that:

*["] This poses for Canada a basic political problem, namely that for an uncertain future the "elbow*

*room," or decision-making power of the Canadian government has been reduced in regard to economic relations involving American subsidiaries. The essence of the extra-territorial issue is not the economic costs. . . but rather the potential loss of control over an important segment of Canadian economic life].*"<sup>3</sup> Twenty years of unprecedented intake of American capital, technology, know-how and marketing connections have probably resulted in increased income and employment. Direct American investment has not, however, secured the basis of continued growth. Indeed, there has been a regression in Canada's economic position relative to other equally industrialized countries. The author of a survey of recent trends and patterns of Canadian trade concluded that "Canada's position resembles more closely that of a less developed nation than that of other developed countries."<sup>4</sup>

The golden days of easy export earnings have long passed. The resource boom which fed the income-generating process of the fifties and attracted the heavy inflow of direct investment in secondary manufacturing is largely played out. **In the sixties the trend of U.S. direct capital flow is towards expansion of manufacturing facilities in the rich and growing markets of Europe. The honeymoon is over, and the realization is dawning that the heavy intake of direct investment and the consequent loss of economic control has restricted Canada's freedom of action in a highly competitive world economy.**

**In the key sectors of the Canadian economy, decisions concerning what is to be produced, where it is to be sold, from whom supplies are to be purchased and what funds are to be transferred in the form of interest, dividends, loans, stock-purchases, short-term balances, charges for management, research or advertising services, and so on, are made externally in accordance with considerations of global strategy of foreign corporations.** Nor is dependence confined to decisions transmitted through parent-affiliate links. For Canada, freedom of action has been progressively restricted by a proliferation of commitments—both formal and informal—arising from bilateral arrangements with the government of the United States. In this manner the free market is being replaced by internal transfers within multinational corporations. Correspondingly, inter-governmental relationships resemble increasingly those of the old mercantilist systems. **Although the country is richer, the Canadian economy is less flexible than it has been in the past. The instruments of public policy are constrained by umpteen commitments made in exchange for "special favours."**

**In the private sector there is little entrepreneurship and technological dynamism. The share of crudely processed materials in exports has not diminished significantly. Imports of manufactured goods as a percentage of domestic production have increased.** Technological dependence is greater than ever and unequalled by any other industrialized country. In a world in which competition places a premium on innovation and entrepreneurship, imitative technology is reflected in a high cost structure and lagging productivity. The capital market is distorted in the sense that Canadian savings cannot find attractive equity investments in Canada, while large proportions of savings generated in Canada are not available to other sectors of the economy because they accrue in the form of retained earnings and depreciation allowances of foreign-controlled corporations. **The structure of ownership and control is such that there are barriers to the flow of Canadian savings to finance new Canadian enterprise. Technology-oriented industries are firmly in the hands of foreign corporations.** As the Watkins Report observes: "Power accrues to nations capable of technological leadership, and technical change is an important source of economic growth."<sup>5</sup>

#### THE MERCANTILIST NEXUS

**The facts concerning foreign control of Canadian industry are well known: 60 per cent of manufacturing industry, 75 per cent of petroleum and natural gas and 59 per cent of mining and smelting were foreign controlled in 1963. The degree of control has increased significantly since 1939,**

**when the corresponding figures for manufacturing and mining were 38 per cent and 42 per cent. As recently as 1954 foreign control in both manufacturing and mining was only 51 per cent.**

By contrast, railways have always been and continue to be under Canadian control. Here foreign portfolio capital has diminished from 57 per cent in 1939 to 22 per cent in 1963. The only sector which has experienced a marked reduction in foreign control from 26 per cent in 1926 to the present level of 4 per cent is utilities. **Canadian control in railways and utilities is public rather than private. Indeed, in 1964, of \$34.4 billion Canadian-controlled assets of all corporate non-financial enterprise, over one-third, or \$12.2 billion, was in the public sector — almost exclusively railways and utilities (see Table 5) (by the twenty-first century, both of Canada's major railways and a number of large public utilitizes had been privatized -- generally under US control --Web Ed.)**

Public investment in utilities is more than twice the value of railway assets and equals the entire value of Canadian-controlled assets in manufacturing, mining and smelting, and petroleum. It equals also the value of assets of all foreign branch plants in manufacturing. **This would indicate that very large sums of capital have been mobilized under Canadian entrepreneurship —where this has taken the form of public enterprise. We should note that a significant amount of these utility investments are provincial rather than federal public assets.**

**In manufacturing, for reasons previously suggested, foreign capital seeks control rather than participation. There is no significant foreign portfolio investment in Canadian manufacturing.** This is not so in the mining industry. Thus, in manufacturing, the percentage of assets owned by foreigners was 54 per cent, whereas the percentage of assets under foreign control was 60 per cent. By contrast, in mining and smelting the foreign ownership percentage (62 per cent) exceeded the foreign control percentage (59 per cent).

Foreign control in general and U.S. control in particular is highest in those industries in which metropolitan taste-formation and technological and product innovation are crucial. These are automobiles (97 per cent), rubber products (97 per cent), chemicals (78 per cent), electrical products (77 per cent) and aircraft (78 per cent). All these industries primarily serve the Canadian domestic market. Industries in which Canadian control predominates are characterized either by small production units, such as sawmills, construction concerns or certain food-processing industries or, as in the case of textiles, by thoroughly dim prospects. Among industries in which there still exists a substantial degree of Canadian control, and where technology does play an important part we find pulp and paper (with 40 per cent foreign control), agricultural machinery (50 per cent), and primary iron and steel (20 per cent). In all three industries Canada established and maintained a technological lead. The production of agricultural implements and primary iron and steel dates from the period of railway construction and the wheat economy. The pulp and paper industry, even where foreign-controlled, is characterized by considerably more autonomy in decision-making than are other foreign-controlled industries. The research conducted by Professor Safarian into 288 Canadian subsidiaries suggests that this may be due to the fact that in this industry Canadian subsidiaries tend to be large compared with their corporate parents.<sup>6</sup> Similar independent behaviour is found in some sectors of mining, particularly where foreign-controlled concerns do not have any corporate parent, as in the case of the Aluminum Company of Canada or International Nickel Company (see Table 6).

#### FOREIGN SUBSIDIARIES IN CANADA

Foreign subsidiaries are strongly entrenched in both resource and in manufacturing industries. Of a total of \$17.6 billion invested in foreign controlled enterprises in 1963, \$2.3 billion were invested in mining and smelting, \$5.4 billion in petroleum and natural gas and \$8.2 billion in manufacturing. Because foreign investment in Canadian resource industries is substantial and concentrated in large concerns, it is widely

believed that direct investment in Canada is mainly directed to exports. **In fact, the sales of foreign subsidiaries are heavily concentrated in the Canadian domestic market. A study on foreign subsidiaries in Canada published by the Department of Trade and Commerce in 1967 showed that 82 per cent of the output of foreign-controlled companies covered in this survey was sold in Canada.** Of total sales of \$15.1 billion by subsidiaries and branch plants in 1965, \$12.7 billion were domestic sales and only \$2.7 billion were exports. These exports represented over one-third of total Canadian exports for 1965 and were almost entirely resource-based. Branch-plant export sales of manufactured goods amounted to a mere \$900 million — and these were strongly related to special bilateral deals.<sup>7</sup>

**The degree to which intra-company transfers between parents and subsidiaries have replaced market transactions is revealed by the fact that 50 per cent of export sales of subsidiaries were sales to parent companies and 70 per cent of their purchases of imports were procured from parent companies.** The percentage of exports made by transfers varied considerably: minerals and primary metal 68 per cent; gas and oil 59 per cent; pulp and paper 40 per cent. Transportation equipment was by far the most important fully-manufactured export: here 68 per cent of export sales were intra-company transfers. In other manufacturing industries, exports, though small, were also organized primarily through transfers. For example, 91 per cent of the exports of machinery and fabricated metal products were corporate transfers.

**Similar corporate links were reported on the import side. Total imports of the surveyed companies accounted for over one-third of all Canadian imports in 1966, and 75 per cent of these were purchased from parent companies. Subsidiaries in the mining and petroleum industries, for example, obtained over 80 per cent of imports from parents, as did machinery and metal fabrication branch plants.**

In the branch-plant economy the valuations placed on goods transferred to the parent company affect the distribution of profit between foreign and local residents. Evidently there is here considerable scope for arbitrary valuation of intra-firm transactions. Where the wage bill is small in relation to the capital invested, as is the case in most resource industries, the tax yield on the profits of the subsidiary may be the most important gain which accrues to the host country.<sup>8</sup> **The authors of the Watkins Report urge Canadian tax authorities to exercise caution in the granting of special tax treatment or special subsidies to industries which are predominantly foreign-owned, particularly industries which do not generate substantial earnings for Canadian factors of production.**<sup>9</sup> While there may be a case for concessions which attract employment-creating industry, there is an obvious danger that further transfer of the corporation tax field to the provinces could result in a game of competitive tax concessions from which nobody except foreign capital can gain.

The fact that 70 per cent of the imports of subsidiaries were obtained from parent and affiliated companies substantiates our earlier argument that branch-plant manufacturing in the hinterland is the result of new forms of market competition which transfer tastes, techniques and assembly facilities to the hinterland. This creates a built-in demand for materials, components, capital goods and fully-processed goods for resale. **Branch-plant imports are, to some extent, captive sales. Here the mercantilist nexus does not result in over-valuation of imported inputs — although this may occur — but rather in a backward linkage of product differentiation. Typically, branch-plant technology requires a number of specific inputs which are supplied only by the parent company.**

The U.S. Department of Commerce study of 1963 showed that American branch plants located in Canada purchased a far higher proportion of their materials in the form of imports than did similar branch plants in any other major area of the world. For U.S. subsidiaries in Canada, imports amounted to 15.5 per cent of gross sales, compared with 8.8 per cent in Latin America and 4.8 per cent in Europe. **It appeared**

**that one reason for the high import content of Canadian branch-plant costs was the large volume of purchases of finished goods for resale.**

The ties of the mercantilist nexus were revealed in the year following the devaluation of the Canadian dollar in 1962. While the value of total imports into Canada rose by only 6 per cent, imports purchased by U.S. subsidiaries from parent companies increased by 15 per cent. **If we remember that these are substantial (about one-third of all Canadian imports) it is clear that the purchasing policies of the subsidiaries inhibited the substitution of domestic for imported goods, when the latter rose in price as a result of devaluation.**

Professor Safarian's study concluded that to the extent that the subsidiary produces items identical to or marginally different from those of the parent there is a built-in incentive to buy from the parent. He found that the smaller the subsidiary in. relation to the parent, and the more it tends to assembly-type operations, the higher the proportion of imported purchases.<sup>10</sup> The fact that the Canadian branch-plant economy is characterized by an excessive number of firms, each producing too many product lines, is reflected in the high import content of their purchases. Safarian concluded that: "The only systematic difference between [resident and non-resident firms] in terms of economic performance. . . is with respect to imports. The non-resident owned firm makes relatively more of its purchases abroad."<sup>11</sup> The *Watkins Report* also found that non-resident owned firms appear to have a greater orientation towards imports than do resident-owned firms.<sup>12</sup> The study by Wilkinson finds that "imports of secondary manufactures are an increasing function of the extent of foreign ownership of industry."<sup>13</sup> In an interesting argument Wilkinson approaches an explanation which is similar to ours: he suggests that manufacturing subsidiaries will buy from their parents at a price which does not need to cover total fixed costs in the short run. The "short-run," however, is perpetuated "by the continuous development of new products and processes." **As a result, the author suggests, foreign owed firms will always tend to buy a larger proportion of imported inputs than will domestically-owned firms.**<sup>14</sup>

**The most serious consequence of the bias towards imports resulting from branch-plant economy in Canada is the discouraging effect on Canadian entrepreneurship, as we have noted earlier. The more market demand is shaped by metropolitan corporations, the more restricted becomes the area in which independent Canadian enterprise and innovation can operate. The results of this situation are most clearly reflected in current trends in Canada's external trade. (All emphasis by the Web Ed.)**

#### PROFILE OF A RICH, INDUSTRIALIZED, UNDERDEVELOPED ECONOMY

**In spite of Canada's high income and high degree of industrialization, the country has not shared in the recent world trend towards an increase in the importance of trade in relation to domestic production.** In consequence, Canada's trade as a percentage of that of industrial countries dropped from 9.6 per cent in 1953 to 7.2 per cent in 1965 and her commodity terms of trade declined from 101 in 1954 to 97 in 1965. The deterioration in terms of trade for all underdeveloped countries over the same period was from 109 to 97. In developed countries the corresponding improvement in terms of trade was from 96 to 104.<sup>15</sup> **The reasons for these trends are to be found in the high proportion of primary or crudely processed materials in Canada's exports and the correspondingly high proportion of finished manufactures in her imports.** Canadian exports are heavily concentrated in a few product lines. These are either pure raw materials such as wheat, iron and other metallic ores, petroleum and natural gas, or crudely processed manufactures such as woodpulp, newsprint, lumber, flour, aluminum, copper and metal alloys, and primary iron and steel products.

**In a study of thirteen industrialized countries of the Western world it was found that end-products accounted for 60 per cent of exports. For Canada the comparable ratio was only 19 per cent.**

**Although there has been an increase of 12 per cent in the share of highly manufactured goods in Canada's exports in the last decade, the increase for other relatively small industrialized countries<sup>16</sup> over the same period was 37 per cent.<sup>17</sup>** In 1954 Canada was exceeded only by New Zealand in value of trade per head. By 1964 Canada ranked eighth, exceeded by Belgium, Luxembourg, Holland, Switzerland, Denmark, Norway and Trinidad-Tobago, in that order. In none of these countries, with the exception of the last-mentioned, do crudely processed materials account for as high a percentage of exports as they do in Canada.

**Recent trends in Canada's imports are equally suggestive of structural underdevelopment. The share of consumer goods in imports rose from 29 per cent in the mid-fifties to 34 per cent in the mid-sixties, mainly due to increased imports of automobiles and new-technology manufactures. End products increased their share in imports from 50 per cent to 54 per cent over the same decade. The indication is that technological advance of a type that results in new products not produced in Canada, together with imitative demand by consumers and producers, are an important factor in explaining Canadian import patterns. It should be noted that the heavy inflow of direct investment to Canada's manufacturing industries has coincided with a rise in manufactured imports relative to domestic production. This ratio rose from 18 per cent in 1954 to 21 per cent in 1965, reversing a contrary trend in operation since the mid-1920s.<sup>18</sup> It is well known that world trade in highly manufactured goods is rising more rapidly than trade in industrial raw materials and primary products. Canada appears unable to share in the gains which these trends offer to other industrialized countries.<sup>19</sup>**

While there has been an increase in the export of manufactured goods in recent years, this has been strongly related to the implementation of the Defence Production Sharing Agreements of 1959 and the automobile agreements of 1963. The proportion of highly processed exports which fluctuated between 11 per cent and 14 per cent in the 1950s had risen to 19 per cent in 1965. Inedible end products rose from less than 8 per cent of total Canadian exports in 1959-60 to a level of 15 per cent in 1965. Most of the expansion took place in the U.S. market.

While the devaluation of 1962 undoubtedly resulted in some increase in commercial exports, the bilateral arrangements between the governments of Canada and the United States accounted for the greater part of the increase. These special arrangements are a manifestation of increasing corporate and governmental integration between the two countries. The industries directly involved are the automobile, aircraft, electrical, chemical and machinery industries—all heavily controlled by U.S. capital. Increased export sales to the United States have been gained at the expense of economic and political vulnerability.

The Defence Production Sharing Agreements, whereby Canadian firms are permitted to bid on equal terms with U.S. firms for American war contracts, accounted for \$260 million of Canada's exports in 1965, or 30 per cent of all Canadian inedible end-product exports to the U.S. In 1966, U.S. defence contracts placed in Canada had increased to \$317 million. Although these sales are small in relation to total Canadian production, the concentration of employment exposes Canadians to the possibility of severe unemployment in given areas in the event of the termination of these agreements. **As the Canadian Minister of External Affairs explained: "Think of the impossible position we would be in if the Defence Production Sharing Agreements were abrogated . . . to pull out would be to endanger our economy and safety."** It should be noted that the foreign exchange earned by these defence exports is preempted by the undertaking of the Canadian government to purchase American war supplies. Thus in 1966 Canadian defence purchases in the U.S. amounted to \$332.6 million.

Of greater importance than the defence arrangements are the automobile agreements which lifted exports of cars and parts to the U.S. from a level of \$36 million in 1963 to \$231 million in 1965 and to \$2,428 million in 1968. The *quid pro quo* for these automobile exports, however, has taken the form of increased

imports by the automotive corporations involved, and the balance of commodity trade in cars and parts with the U.S. remains in deficit. This deficit rose from \$551 million in 1963 to \$714 million in 1965, and has since declined to \$343 millions in 1968.

The expansion of normal commercial sales of highly manufactured goods abroad has thus been extremely modest. This is so in spite of efforts to promote exports, including the provision of export credit, the work of the Export Finance Corporation, the promotional efforts of the Department of Trade and Commerce, and strings on foreign aid which sometimes require 80 to 90 per cent Canadian content.

#### RESEARCH AND DEVELOPMENT

**The difficulties of expanding commercial manufactured exports are compounded by the low level of industrial research and development expenditures in Canada and their high concentration in industries which service the special requirements of the U.S. defence department.** Canadian expenditures on research and development are smaller, in relation to its G.N.P. (1.1 per cent) than that of industrial countries of Western Europe —West Germany (1.3 per cent), France (1.5 per cent), the U.K. (2.2 per cent), and very much smaller than expenditures in the U.S.A. (3.1 per cent).

**What is more, in Canada 79 per cent of such research is performed by government and only 12 per cent in the business sector compared with the United States where, even though much of the work is done under government contracts, 71 per cent is carried on by industry. Comparable figures for West Germany, France and the United Kingdom are 61 per cent, 48 per cent and 71 per cent.<sup>20</sup> The bulk of industrial research expenses in the U.S. are, however, subsidized by public funds. The situation in Canada was summed up by Dr. Steacie, president of the National Research Council in the following words: "Because of the financial relationship between Canadian and American firms, most Canadian plants are essentially branch plants and research is normally done by the parent organization outside the country. As a result Canadian industry has been largely dependent on research done in the U.S. and Britain."<sup>21</sup>**

The most recent survey conducted by the Dominion Bureau of Statistics reported a total of \$264 million spent on industrial research and development. Thirteen firms accounted for half of these expenditures and they were heavily concentrated in the electrical, aircraft and chemical industries. The electrical products and aircraft industries accounted for 47 per cent of total research and development expenditure and these same industries received 83 per cent of federal funds granted to industry for research. Four companies alone received 55 percent of total federal support. We already observed that Canadian government subsidies to industry are heavily directed towards industries in which foreign firms predominate and which are heavily engaged in defence production. The huge utility industry is, by contrast, according to the Dominion Bureau of Statistics' report, entirely self-financing as regards research.

Industrial research in Canada is strongly biased towards applied rather than basic work. The Dominion Bureau of Statistics survey reports that only 356 of 6,367 trained scientists and engineers engaged in R and D in Canadian industry in 1965 were doing basic research.<sup>22</sup> Information compiled by Professor Wilkinson shows the lower levels of R and D expenditures in almost every industry in Canada as compared with the U.S.

The comparison is interesting because there is evidence of a strong correlation between R and D expenditures on the one hand, and success in the export of manufactured products on the other. Gruber, Mehta and Vernon, following the hypothesis suggested by Professor Vernon in his article on "International Investment and International Trade in the Product Cycle,"<sup>23</sup> offer impressive statistical evidence that American strength in the export of manufactured goods does not lie in a greater abundance of capital, but rather in the ability to develop new products and cost-saving processes. Initiatives in R and D thus yield an

oligopoly position in supplying foreign markets to countries which have the capacity to innovate. Their results are summed up in Table 8.

In this analysis comprising nineteen industries, the five most research-intensive ones accounted for 89 per cent of total R and D expenditures, 78 per cent of company-financed R and D expenditures, and employed 85 per cent of industrial scientists and engineers. While their sales were only 39 per cent of the total sales of all nineteen industries, they accounted for 72 per cent of the exports. **The study debunks a widely held belief that high-technology industries are, to use economists' jargon, capital-intensive, and consequently that countries in which capital is cheap relative to labour enjoy a "comparative advantage" in such industries. The correlation to this proposition of course is that countries in which capital is relatively scarce should not attempt to develop such industries.**

(*Table 7: R and D Expenditures as Percentages of Manufacturing Industry Sales, Canada and the U.S. -- omitted -- Web Ed.*)

The Gruber-Mehta-Vernon study found that labour costs form a larger percentage of value added in the five most research-intensive industries (24.7 per cent) than in the fourteen others (17.2 per cent). Correspondingly, the capital component of cost measured in terms of depreciation as a percentage of value added is smaller in the five most research-intensive industries (4.3 per cent) than in the other fourteen (5.3 per cent). Net fixed assets as a percentage of value added is also lower in the five leading industries (31 per cent) than in the other fourteen (41 per cent). The picture is completed by the observation of the authors that:

["] Industries with comparatively high export sales of products involving scientific and technical aspects in their sales and servicing will have a high propensity to invest in manufacturing subsidiaries in the markets they serve and that in these "oligopoly industries" therefore, individual firms are likely to consider foreign investments as important forestalling tactics to cut off market pre-emption by others. And they are likely to feel obliged to counter an investment by others with an investment of their own.["]

**While Canadian industry is basically derivative and imitative, there exist the proverbial exceptions. These consist of cases where indigenous Canadian R and D has been a vital factor in gaining export markets. The list is familiar because it is pitifully short.** It includes Canadian developments in nuclear power plants, telecommunication systems, the STOL aircraft developed by De Havilland for bush mining and explorational landing fields, the air navigational devices of Canadian Marconi and Computing Devices of Canada, and products pioneered by the Polymer Crown Corporation. The Canadian steel industry, primarily Stelco, has, as previously mentioned, maintained its world-wide reputation for innovation. **The list, however short, belies the negative attitude of many experts that Canada is too deficient in technical skills to develop its own products.**

(*Table 8: Relationship between Research Effort and Export Performance of 19 U.S. Manufacturing Industries -- omitted -- Web ed.*)

A tragic feature of Canada's technological hinterland status is the frustration experienced by her scientists, many of whom sooner or later depart in search of more challenging work in the United States. In the words of a Canadian scientist:

["] **It is well known that many a Canadian scientist in the U.S. would happily return to the land of his birth and early nurture if the same scientific opportunities existed here.** But there is the rub—the same opportunities do not exist in Canada; partly this is to be expected from the disparate populations of the two nations, but partly it arises as a concomitant of Canada's satellite role in economic affairs . . . not only are opportunities lacking in Canada, but the organization of science in Canada . . . and our attitudes toward it, are largely fashioned in the U.S. . . . **It is one thing to learn something from the American way of doing things, but complete integration into the American way stifles development of a distinctive Canadian style and a distinctive Canadian attitude about science, particularly with regard to its cultural values in society.["]<sup>24</sup>**

Another measure of the technological dependence of Canadian industry is the nationality of patent applicants. Here we find that 95 per cent of all patents taken out in Canada over the period 1957-61 were by foreign applicants, with 65 to 70 per cent by U.S. applicants. This is probably the most remarkable single statistic of technological dependence. The proportion of foreign applicants for patents is much higher for Canada than for any other developed country. Similar figures for other industrial countries were 80 per cent for Belgium, 70 per cent for Scandinavian countries, 59 per cent for France, 47 per cent for the United Kingdom and 32 per cent for West Germany.<sup>25</sup>

#### THE "MINIATURE REPLICA" EFFECT

**The effect of branch-plant economy on the structure of domestic industry is by now well established: too many firms producing too many product lines at high unit cost.** When branch plants enter a tariff-protected market in which consumer tastes approximate those of the metropolitan economy we get what Dr. English has named the "miniature replica" effect.<sup>26</sup> The spill-over of advertising and other corporate overheads related to product-differentiation and promotion make it profitable for foreign companies to assemble or sell a large range of their products in the hinterland. In many instances the international corporation does not enjoy a technical superiority as much as a marketing advantage arising from the familiarity of the consumer with the trade marks and brand names of its products. As Safarian has observed, "the great majority of the companies are a small fraction of the parent in size yet they are producing almost the full range of the identical or slightly modified products of the parent. Not surprisingly their unit costs are in most cases higher than those of the parent on major comparable products."<sup>27</sup> The case best documented is that of the refrigerator industry. Here it has been estimated that the Canadian market of 400,000 per annum could be efficiently served by two plants. In fact there are nine plants, and seven of these are U.S.-controlled branch plants. In 1966 these accounted for 80-85 per cent of refrigerator production, compared with 71 per cent in 1960. These Canadian subsidiaries almost duplicate in number the plants producing refrigerators for the much larger American market. All of them operate well below optimum size.<sup>28</sup> It is not true that the Canadian domestic market is too small to support a diversified manufacturing industry. Rather the combination of tariff protection and branch-plant organization has resulted in the inefficient production of too many similar products. The manufacturing industry catering to the domestic market, both foreign and locally-controlled, tends to be inefficient. Safarian's original study and the more recent investigations he undertook as a member of the Watkins team found that the nationality of ownership is irrelevant to economic performance. Foreign-controlled subsidiaries are no more efficient than locally-controlled firms. Nor are they less efficient. The evidence suggests that the key to efficiency in Canadian industry lies in rationalization, specialization, and innovation. Economic policies designed to this end would require a reduction of Canadian tariffs, the planned rationalization of select sectors of the manufacturing industry by means which include the takeover of redundant branch plants, and a large increase in research and development expenditures in high-technology industries catering to commercial markets. **It requires above all a rejection on the part of Canadians of the branch-plant mentality which breeds a debilitating attitude of complacent incompetence and resignation to perpetual dependence on external initiatives.**

#### CANADIAN SAVINGS AND THE GROWTH OF U.S. SUBSIDIARIES

**There is a widely held belief that Canada needs foreign investment because the country is "capital-hungry" and domestic savings are inadequate to finance expansion.** While it may be advantageous to borrow portfolio capital, which does not transfer control, there is no conclusive case for the view that foreign direct investment constitutes the only way in which sufficient savings can be mobilized. Nor can a convincing case be made for the view that direct investment is necessary because entrepreneurial opportunities cannot be exploited without it.

In fact the inflow of direct investment funds constitutes a small fraction of total gross national saving in Canada. In 1965, for example, which was a year of relatively heavy foreign direct capital investment, the flow of new funds into Canadian subsidiaries was \$500 million, or less than 5 per cent of total Canadian domestic savings, which exceeded \$10 billion in that year. **Indeed, these new funds are a minor source of finance for expansion by the subsidiaries; the major portion is provided by the re-investment of profit, by depreciation and depletion allowances, and by borrowings from Canadian financial institutions.**

**Over the years 1957 to 1965, 85 per cent of the funds used to expand U.S.-controlled industry in Canada was provided from Canadian domestic savings. More specifically, U.S. subsidiaries in Canada obtained 73 per cent of their funds from retained earnings and depreciation, and a further 12 per cent from other Canadian sources, and only 15 per cent from the United States.** While the mining industry received 19 per cent of total funds from the U.S. and the petroleum industry 22 per cent, manufacturing branch plants obtained only 9 per cent from the U.S. throughout the period.<sup>29</sup> In the year 1964, for example, of a total investment of \$2,557 million by U.S. subsidiaries in Canada, \$1,244 million was financed from retained earnings, \$764 million from depreciation allowances, \$423 million from Canadian and third-country borrowing and only \$126 million from funds from the United States. Of the funds obtained in Canada, only \$71 million was issue of equity stock. The Dominion Bureau of Statistics has estimated that, in the nineteen-year period 1946-64, the accumulation of undistributed earnings added \$5.2 billion, or 40 per cent, to the increase in Canadian external indebtedness. Well over half of these reinvestments accrued to manufacturing subsidiaries.<sup>30</sup>

We have estimated that the gross internal savings of foreign-controlled firms constitute about 15 per cent of total annual Canadian domestic savings. The proportion of profit which is ploughed back is much higher in the branch-plant sector than in the rest of the Canadian economy. Thus about one-third of total Canadian retained earnings accrued to foreign-controlled companies. These internal savings are preempted for investment in the concerns in which they are generated. If the parent companies do not wish to re-invest subsidiary profits, they can and do transfer funds out of the country. Such funds, whether re-invested or transferred, are not available to finance the expansion of other sectors of the Canadian economy.

The Canadian Department of Trade and Commerce study revealed a similar pattern of financing. In 1965 a total of \$1.8 billion was available to foreign-owned subsidiaries for investment expenditures. Of this amount, \$1.2 billion was generated within the subsidiaries by retained earnings and depreciation. The remaining \$658 million was raised from sources external to the subsidiaries: \$274 million in loans from parents; \$113 million in equity holdings by parents; \$254 million in bank loans and long-term borrowing; and only \$37 million in equity holdings by independent shareholders.<sup>31</sup>

**The shortage of finance is at least in part the result of branch-plant economy. Contrary to common belief, Canadian savings are not low, nor is the Canadian investor averse to taking risks.** Despite lower average incomes in Canada, the rate of personal savings is substantially higher than that in the United States. In 1967 Canadians saved about 9 per cent of disposable after-tax income compared with a rate of 7 per cent in the United States. What is more, the average Canadian is more inclined to invest his savings in equity stock than his U.S. counterpart. Thus interest income forms a larger proportion of total investment income in the United States than in Canada, despite the fact that interest rates are lower there.<sup>32</sup> There appears to be no shortage of demand for equity investments in Canada—only a shortage of available stock.

**For these reasons Canadian financial institutions have, in recent years, greatly increased their holdings of foreign equities.** As recently as 1960, major Canadian financial institutions held only 10 per cent of their stock portfolios in foreign equities; the proportion had risen to 24 per cent by 1966. The trend

was most pronounced in mutual funds which held 17 per cent of equity holdings abroad in 1962, 35 per cent in 1966, and 53 per cent in 1967. Most of the foreign stock portfolios of the major Canadian financial institutions are in industries which are not listed on the Canadian market. Over 40 per cent is invested in office equipment and airline stock, and about 35 per cent in electrical and electronics, drug and cosmetics, automotive, aerospace, photography and rubber stocks. The York University study points out that "if suitable Canadian stock issues do not become available, there is some likelihood that half the equity holdings of these institutions may soon be in foreign equities, a proportion already exceeded by the mutual funds."

While the trend towards internal financing and reliance on banks' trade credit and the bond market is creating a general scarcity of equity issues, the proportion of listed equities which are "locked in" is substantially higher in Canada (30 per cent), as compared with the United States (10 per cent). The total annual demand for additional equities in Canada has been estimated to be almost double the supply provided through new Canadian issues. **The meagre supply of Canadian equities results from the fact that so many Canadian corporations are private companies, and even where they are public a very substantial portion (40 per cent) of listed Canadian equities are held as direct investments by non-residents.**

**There is a lack neither of savings nor of opportunities for profitable economic activity. Canada provides the classical case of a rich underdeveloped economy in which the capital market is too narrow to channel local savings into local investments.** A substantial volume of trading in Canadian shares takes place on U.S. exchanges and large blocks of Canadian shares are held as direct investments for the purpose of guaranteeing control. While fifteen stock exchanges in the United States increased the volume of trading in equities by 171 per cent between 1962 and 1967, the six exchanges in Canada increased trading volume by only 38 per cent. A comparison of the industry-composition of listings of the Toronto Stock Exchange with the New York Stock Exchange underlined the difference between a metropolitan and hinterland economy: 25 per cent of TSE listings represent mining stocks, compared with 3 per cent of New York listings, while very little automobile, chemical, electrical and electronic stock is traded in Toronto.

On the assumption that Canadian financial institutions may find it necessary to invest half their total equity portfolios in foreign equities, the York University study estimated that, by the early 1970s they could hold \$5 billion in foreign equities. **Not only are the Americans buying up Canadian industry with Canadians savings, but they have in effect mobilized Canadian savings to assist in the expansion of the U.S. based multinational corporations.** As Professor Conway suggests: ["] The sizable outflows of Canadian institutional and private capital coupled with the substantial direct investment holdings of Canadian equities by non-residents raises questions. If Canadian money must go abroad for suitable equity vehicles while non-resident capital in the form of direct investment creates such vehicles based on viable enterprises in Canada, possibly some additional effort must be made by the investment community towards encouraging a climate where Canadian entrepreneurs and financiers undertake to create more domestic investment vehicles which will attract domestic capital.["]<sup>33</sup>

**Evidently, barriers to the expansion of Canadian enterprise do not lie in a global shortage of savings but rather in the structure of the goods and capital markets which places the independent enterprise at a disadvantage with respect to the branch plants.** Frequently the former do not have access to sales outlets because markets are firmly controlled by existing corporations.<sup>34</sup> The capital market places the foreign branch plant at a decisive advantage in obtaining funds. Although it typically relies on internally-generated capital, large expansion can be financed by transfers from parents and affiliates in the form of loans or equity purchase by the parent. Here the small branch plant enjoys a strong advantage *vis-a-vis* the small independent firm.

The Royal Commission on Banking and Finance, 1964, noted that small independent Canadian-owned firms appear to have more difficulty at all times in obtaining long-term finance than do those which are subsidiaries of large and well-financed Canadian or American corporations. It is interesting to note that more than one-third of Canadian-controlled firms with assets under \$1 million reporting to a C.M.A. questionnaire reported sources of long-term capital as inadequate. This compares to one out of twenty-nine non-resident firms in the same size category.<sup>35</sup>

**The authors of the *Watkins Report* suggest that the only way Canadian savings seeking equity investment can be channeled into Canadian industry is by incentives that would make all large private companies in Canada offer equity shares. Many, although not all, of these are wholly-owned subsidiaries of foreign corporations, such as British Petroleum, General Motors, General Foods, I.B.M., Canadian International Paper, and many others.** It is doubtful how many of these firms would respond because, as the authors of the Report themselves admit "the commitment of some firms to the wholly-owned subsidiary is too strong to be shaken by any feasible set of incentives."<sup>36</sup> It is estimated that a 25 per cent minority share in all corporations with assets over \$25 million or more amount to \$3.5 billion or \$4.5 billion at a minimum. Even if some of the capital so raised were transferred abroad, there would be an increase in Canadian minority participation, and a reduction in the long-run drain of dividends abroad.

**Apart from the fact that U.S. subsidiaries have shown little enthusiasm for selling any part of their equity to Canadians, there remains an obvious need to develop new Canadian-controlled enterprises. To this end the *Watkins Report* recommended the implementation of the Canada Development Corporation proposed by Walter Gordon years ago. This corporation would be a large quasi-public holding company with entrepreneurial and managerial functions. It might organize and participate in consortia of investors, both domestic and foreign, so that large projects beyond the capacity of a single institution could be undertaken under Canadian control. There would presumably be emphasis on joint ventures, on rental of foreign licences and patents, where necessary, and on arrangements in which controlling interests would remain Canadian.**

**Other instruments of policy, including those proposed by the authors of the *Watkins Report*, can be devised without difficulty. The real question is whether there exists the will to regain control over the economy. This is not a question which economists can answer. This fact does not, however, relieve them of the responsibility of asking it. (All emphasis by the Web Ed.)**

#### POLITICAL DISINTEGRATION

**The most bitter harvest of increasing dependence and diminishing control may yet be reaped in the form of the internal political balkanization of Canada and its piecemeal absorption into the American imperial system. The final outcome of a branch-plant society is a merging of value systems and a meshing of corporate and technocratic elites which must ultimately call into question English Canada's willingness to pay the price of continued independence.**

The ruling elite which founded Canada a hundred years ago were nationalists. But they were never called upon to pay. There was, in the days of Macdonald's National Policy, no conflict between the pecuniary interests of the dominant classes and their nationalism. Circumstances were such that they could enjoy both wealth and power. Power was exercised within a political framework which granted to the central government wide rights of control over the population. In distinction to the open frontier lawlessness of American democracy, Canada was an ordered, stable, conservative and authoritarian society, based on transplanted British institutions. Canada's constitution was appropriately enacted by the British Parliament, on the initiative of a group of colonial politicians, venerably depicted as the "Fathers of Confederation," who could evade the necessity of seeking the "popular consensus which they could never have obtained.

The arrangements were quite compatible with the interests of the bureaucratic clerical elite of French Canada. Between these groups, there was no serious conflict of interest or of outlook. **The elite of English Canada was defined by their rejection of American democracy. The elite of French Canada was in effective control of a national community which had been by-passed by the French Revolution. Canada has been, from its foundation in 1867, a conservative society.**

Hitched to an east-west spine of trade and investment, the Canadian nation found strength to resist American annexationist pressures in the might of the pound sterling and in British imperial power. For decades Canadian politicians refined the techniques of compromise and survival. Externally, they manoeuvred between the British and the American metropolis. Internally, French-Canadian national survival was guaranteed by the powers exercised by the Catholic Church and the isolation of French Canada from modernizing influences. Members of the French-Canadian elite were integrated into the political structure on the terms of the English-Canadian elite, which controlled the economic structure. **There developed over these years, a sense of Canadian national identity, corresponding to the conservative character of the nation under construction. Canadian patriotism vis-a-vis the United States was defined in terms of loyalty to the British monarchy.**

**The passing of time has eliminated Britain as a significant factor in Canadian politics.** The problems are more difficult than they were in 1867 and the structures appropriate a hundred years ago are plainly obsolete today. The English-Canadian elite are no longer sure where they are going. Compromise and accommodation are useful political techniques for a small or middle power that knows what it wants, and can navigate the cross-currents created by stronger external powers. But compromise and accommodation as an operating philosophy of a community that does not know what it wants, in a situation in which the current runs powerfully in one direction, can lead only to drift and eventually to disintegration. The performance of Prime Minister Pearson and his administration bears witness.

**The crisis of Canada's national existence is expressed in three distinct, but related confrontations: Canada versus the United States; Ottawa versus the provinces; and English Canada versus French Canada.** Our theme is the effect of the new mercantilist links with the American empire on each of these conflicts, and the interplay of these relationships on Canada's chances of survival.

**It is clearly no longer in the interests of the economically powerful to be nationalists. As George Grant has said: "Most of them made more money by being the representatives of American capitalism and setting up branch plants.... Capitalism is, after all, a way of life based on the principle that the most important activity is profit-making. That activity led the wealthy in the direction of continentalism."<sup>37</sup>** In the National Policy era Canadian business could enjoy both wealth and power. The former was always primary; power was mainly a means to wealth. If today wealth comes more easily without power, no tears are shed. In the words of E.P. Taylor, "Canadian nationalism? How old-fashioned can you get?"

While economic factors are quick to act on the orientation of the business class, the erosion of the value system, which was formed during the nation-building phase of Canada's history, is a slower process. Although branch-plant industry, branch-plant trade unions, branch-plant culture and branch-plant universities are undermining traditional Canadian values, yet these values persist. Respect for law and order, regard for civil rights, abhorrence of mob rule and gangsterism (whether practised at the bottom or the top of the social scale), and traditional respect for Ottawa as the national government of the country are still deeply felt in English Canada. **These are the elements of English-Canadian patriotism and they define the English Canadian, as distinct from the American. This value system is as real as the branch plants. It is the source which nourishes English-Canadian nationalism, and it is reinforced by every action of the United States which violates these values.**

**Whereas these values were created by the older Canadian elite, which shaped the nation, the existing business class cannot give effective expression to Canadian nationalism because it has been absorbed into the world of corporate empire. It rejected John Diefenbaker because he is a nationalist; it rejected Walter Gordon for the same reason. Grant has observed that the power of the American government to control Canada lies not so much in its ability to exert direct pressure as in the fact that the dominant classes in Canada see themselves at one with continentalism.<sup>38</sup>**

The effect of the American corporate presence on relations between central and provincial governments is clear; the linear transcontinental axis, which once integrated the nation under an active and strong central government, has largely disintegrated. The new pattern of north-south trade and investment based on resource-development and branch-plant manufacturing, does not require a strong central government. The central government is left to manage the old infra-structure of communications and commercial institutions carried over from the previous era. However, new public expenditures are typically regional — hydroelectric schemes, highways, schools, hospitals and the like. The system of fiscal redistribution conflicts with the economic interests of the richer and more fortunate provinces. The federal function of providing for the defence of the nation is not sufficiently urgent to offset the shift of so many other functions to the regional level. Furthermore, a considerable part of the prosperity of defence work originates from the United States government, and is strongly regional in its impact on employment and income.

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**Political fragmentation along regional lines serves the interests of the international corporations. While the Ottawa mandarins ponder how to emasculate the Canada Development Corporation, the provinces have been forced to create their own development agencies.** Recent efforts to launch regional development policies at the federal level have produced a bureaucratic structure whose organizational sophistication far out-distances that of the policies which have to date been announced by Ottawa.

**In the absence of effective federal initiatives to provide the means of mobilizing and directing Canada's resources towards the elimination of regional disparities, the provinces will reinforce the continentalist trend by joining the competitive scramble for foreign investment.** They opposed the rationalization of the fiscal structure proposed by the Carter Commission and the government White Paper on taxation; they pressured the federal government into begging exemption from the U.S. interest equalization tax. They may be expected to oppose each and every measure devised to control the terms on which foreign capital may enter Canada. **In the absence of effective leadership by Ottawa they reinforce the continentalism of big business by dismembering the federal structure of Canada.**

The relationship between English Canada and Quebec is a special one. Quebec is both a province within Confederation and the *patrie* of the French-Canadian nation. The demand for more autonomy by the province of Quebec thus has a dual character. In part, it resembles demands for increased provincial powers expressed by all the larger provinces, in part, it is the political form in which the desire for self-determination of French Canada expresses itself.

Clearly, there can be no national equality for French Canada without power over economic decisions. In the area of public policy, we thus have the demand for a larger share of revenue, and for a voice in tariff, monetary and immigration policy. **For French Canada, more economic power for the government of Quebec is crucial, because the provincial public sector is the only effective lever by which French Canadians can influence decisions affecting their lives.** While the English-Canadian elite is rapidly relinquishing economic control to the American corporations, the French-Canadian elite urgently desires entry into private corporate power. Such entry is highly restricted at present, and the situation has been fully documented by John Porter in his book *The Vertical Mosaic*. Yet national equality requires that economic decisions affecting Quebec must be made by French Canadians, not

**by English-Canadian or American corporations. Nothing less can assure the continued existence of a French-speaking community on the North American continent.**

For French Canada, modernization has meant not only dislocation and disruption of settled routines but also incorporation into the industrial system, and the new humiliation of daily dictation by the anglophone. This is as true for the miner, the factory worker, the sales clerk, as it is for the professional and middle classes. Whereas the latter may have an educational advantage in terms of ability to function in the language of those who hold economic power, the humiliation is greater rather than less. Their education and their wider horizons enable them to articulate the frustrations of the French-Canadian community in Canada. **The island of anglophone privilege which extends from McGill University and Westmount to the western edge of Montreal and which controls much of the commercial and industrial life of the French-speaking province, acts as a constant abrasive to these frustrations. This experience is unknown to the English Canadian.** It is unknown also to the immigrant, who chose to leave his native land to come to North America. In this sense the so-called "ethnic groups" are assimilated and become an integral part of English Canada.

The experience of linguistic domination also explains the lack of discrimination in French-Canadian resentment between English-Canadian and American domination. It is interesting that public opinion polls constantly show less concern about American domination in Quebec than anywhere else in Canada, and no less a politician than René Lévesque does not appear to fear the consequences of "liberating" Quebec from the domination by the English-Canadian financial elite with the help of more powerful American capital. What difference, after all, to the French-Canadian worker in Arvida, whether orders are received in English from a foreman employed by a Canadian company like Alcan, or an American company, like Union Carbide?

The French-Canadian middle class is comprised of self-employed professionals, small businessmen and bureaucratically-employed technocrats. No private French-Canadian entrepreneurial group can effectively challenge the powers of the anglophone corporations. **The logic leads from nationalism to state entrepreneurship. This was the policy which guided the more radical elements of the Lesage administration during the so-called Quiet Revolution. It was symbolized by the creation of Hydro-Québec as the first step to a more extensive expansion of the public sector into the resource industries of the province.**

**In such a confrontation with the corporation, the advantage which French Canada has over English Canada is a more clearly defined sense of national purpose and a greater confidence in its ability to achieve its objective. That objective is to build, in North America, a modern French-speaking society in which the population can enjoy both prosperity and dignity. If this can be achieved in union with English Canada, so much the better. If English Canada makes this impossible, there is every indication that, eventually, Quebec will secede.** If there is an economic price to be paid for control by French Canadians over the terms on which their daily lives are lived, an increasing minority seems ready to pay it. **Nationalism and separatism have struck a chord because the population of Quebec is Québécois in the sense in which no resident of Ontario is Ontarian.**

Those who view Quebec separatism as the main threat to Canada's survival, might ask themselves why French Canadians should remain within Confederation when the dominant English-Canadian majority appear to put such a low value on Canada's national independence? What is being offered? To wander hand-in-hand, biculturally and bilingually, into the gravitational orbit of the American empire? **Is it any wonder that some Quebecers believe that separation might offer a better chance for cultural survival in North America? At worst, Quebec would have its own *Roi negre* ('black king' -- native tyrant) to administer the French marches of the Empire, while the Ottawa bureaucrats are presiding over the English marches.**

The "continentalist" orientation is fundamentally destructive of Canadian unity because it rejects the maintenance of a national community as an end in itself. The value system by which a nation is ultimately defined is put up for sale. In every "cost benefit" calculation concerning the gains and losses from the continued U.S. presence within the Canadian economy there is an implicit price tag on national values and beliefs. **The American corporations which reach forward to control the markets they presume to serve homogenize the culture of the inhabitants. Continentalism extends the American melting-pot philosophy into Canada. Bilingualism and biculturalism, even if it were to be translated from a pious wish to reality, is no defence to this process of seduction. By the intake of branch-plant factories and the associated branch-plant culture, national values in the hinterland are shaped in the image of the metropolis. When the process is complete there remains, as Gad Horowitz has suggested, no reason to regain control.**

The process is far advanced. What is in question today is the will of English Canada to survive as a distinct national community on the North American continent. If the will is waning, if English Canada is succumbing to a sort of national death-wish in relation to the United States, why should Quebec, and in particular the young people now pouring out of schools and universities, wish to remain junior partners in this sad venture?

Writing in 1960, before the consequences of Canada's branch-plant status were as apparent as they are today, Professor Aitken summed up the dilemma in the following words:

["] No one doubts that American investment has accelerated the pace of economic development in Canada;... but it seems also likely to convert Canada into a hinterland of United States industry.... To each spurt of expansion there is a corresponding shrinkage in Canada's freedom of action, in its self-reliance, and in its ability to chart its own course for the future.["]<sup>39</sup>

**The locus of decision-making has been transferred from Canada, where in the past it was subject to strong direction by the federal government, to the board rooms of huge U.S. corporations, operating on a world scale and each charting its own future under the protection of its metropolitan government.** An increasing number of English Canadians (and undoubtedly the majority of her academic economists) do not care who charts the course so long as income continues to grow. An able young English-Canadian economist recently dismissed as "pernicious" the argument that American corporate control constitutes a constraint on Canadian decision-making, with a reference to Buridan's ass which starved because it could not choose between two piles of hay. "He did achieve the goal of preserving the freedom to choose, but at what a price!" The preservation of freedom, we are told, is a means to an end. As such it should not be elevated to the status of a goal. Not even economists can put a value on a means, so that we are asked to pay a price to achieve something whose worth can never be assessed. Very few of us are willing to pay an infinite price for anything—and certainly not for such poor excuses for a national objective.

Because freedom is priceless, it is worthless. A strange conclusion even for an economist. The logic, of course, is flawless. "Maîtres chez nous," in French, or in English, is plainly asinine; it is a "non-goal." The rational Canadian presumably will not lift his head from the trough for long enough to explore unknown pastures in search of greener grass. He will eat whatever hay is dished up, secure in the knowledge that he is getting the same all-American grub — albeit a somewhat smaller ration.

The attitude of the Quebec technocrats presents a striking contrast. Confident in their ability to chart their own course, French Canadians are asserting their determination to control their economy — including the right to make their own mistakes. In the words of one of Quebec's leading economists:

["] French Canadians in Quebec can set themselves concrete objectives, achieve them fully, partially, or even fail to meet them, like any other people. . . When a society has been for so long in search of fulfillment and has found it within itself, it is very unlikely that it can be distracted from this purpose.["]<sup>40</sup>

The dominant Protestant culture of English Canada resists the idea that a nation, like a family, is more than an aggregation of individuals; that it is a community shaped by common cultural and historic experiences. More particularly it does not seem to understand that the experiences shared by English and French Canadians have left a very different imprint on the consciousness of the two national communities. **Instead of an outward-looking and self-confident sense of national purpose, English Canada has at times exhibited an angry reaction to the fact that French Canadians do not want equality on the terms set down by the dominant English-Canadian elite. The effort to head off French-Canadian self-assertion with a bilingual federal civil service and French schools in English Canada has little appeal in Quebec, while causing considerable dissension in some areas of English Canada.** The refusal of Ottawa to recognize French Canada as a nation, and its insistence on the ten provinces concept of Confederation has led to the balkanization of the country, as the pressures applied by Quebec are used as a lever to escalate the fiscal demands of all the provinces at the expense of effective central government. **As René Lévesque put it, there must be more to English Canadian nationalism than just "holding on to Quebec."** If there isn't, then "it's cheaper cars and cigarettes for you all, and U.S. citizenship — along with the fading away of a growing (even though 'branch-plant') economy and its managerial society; and the draft, and present and future Vietnams and a share in the terrific agony the American society is inflicting upon itself."<sup>41</sup>

The refusal of the dominant English-speaking community to recognize explicitly the national aspirations of Quebec is propelling the fragmentation of the country to the point of piecemeal absorption into the American empire. Under these conditions it becomes increasingly difficult to repatriate the locus of decision-making, or to implement the "new national policies" suggested by Professor Watkins and his associates.

The obstinate refusal of Ottawa to accommodate the demands of Quebec for national equality within a Canadian partnership of two nations is pushing nationalist forces in the French province to seek their own independent hinterland relationship with the United States, on the theory propounded by an economist close to René Lévesque and the Parti Québécois that "we have no choice but to strike our own bargain with American capital." **As Peter Regenstreif reported in January 1969, Quebecers are selling out and Americans, who regard the province as a relatively safe place in comparison with really troubled areas of the world, are buying in. The Quebec economy is becoming ever more Americanized in the process.**<sup>42</sup>

**One is entitled to doubt the wisdom of exchanging domination by St. James Street for domination by Wall Street and the American corporations. The tragedy, however, is that the root of this dilemma rests in the failure of Ottawa to accommodate the special fiscal needs of Quebec within the framework of a national policy aimed at making all Canadians masters of their own house.** The advent of Trudeau promised to rescue the federal government from the all-time low in prestige and power associated with the Diefenbaker and Pearson eras. In spite of the flair of the new prime minister (*i.e., Pierre Trudeau [Sr.] --Web Ed.*) for projecting the image of revitalization, the pattern of subservience to Washington continues. The erosion of Canadian sovereignty and national unity has not been arrested by proclamations of bilingualism and biculturalism and a "get tough with the provinces" policy.

The ambivalence of English Canada concerning the reality of the nation as a community underlies the difficulties of communication with Quebec. Sadly, this same ambivalence renders English Canada so vulnerable to the disintegrating forces of continentalism. If national purpose is nothing more than an

accumulation of individual purpose, and if individual purpose consists essentially of more money, more leisure and more consumer goods, then why trouble about Canada's loss of independence? And yet English Canada is deeply troubled.

**The "foreign investment" issue in Canadian politics will remain unresolved until English Canada redefines its goals as a national community. As Horowitz asked: "Control our economy for what?"** That question, in the end, is one which individuals must answer. Dwelling in the web of the new mercantilism of the great corporations, Canadians will have to decide what value they place on living in a human community that they can control and handle. For French Canada that community appears to be Quebec. From the desire to control their environment arises the demand for effective political and economic power.

In English Canada there exists the possibility that the cultural integration into continental American life has proceeded to the point where Canada no longer is a meaningful national community. **Yet here there is the possibility that the current reaction among the younger generation against domination by the efficiency-mongers of big business, big government or big anybody may revive the "conserving" nationalism which derives from the desire to control and shape the conditions of life within a community. Only the emergence of a new value system within English Canada can ensure the continued existence of a nation here.** (*All emphasis by the Web Ed.*)

## *Notes to Chapter Seven*

1. In the words of the *Watkins Report*: "The successful intrusion of foreign law constitutes a direct erosion of the sovereignty of the host country insofar as the legal capacity of the latter to make decisions is challenged or suspended. Insofar as subsidiaries become instruments of policy of the home country rather than the host country, the capacity of the latter to effect decisions, i.e. its political independence is directly reduced." *Foreign Ownership and the Structure of Canadian Industry*, p. 311.
  2. For a comprehensive treatment of the Trading with the Enemy Act and U.S. subsidiaries in Canada see J.I.W. Corcoran, "The Trading with the Enemy Act and the Canadian Controlled Corporation," *McGill Law Journal*, Vol. 14, 174-208.
  3. *Foreign Ownership*, p. 339.
  4. B. W. Wilkinson, *Canada's International Trade: An Analysis of Recent Trends and Patterns*. Canadian Trade Committee, 1968, p. 17.
  5. *Foreign Ownership*, p. 35.
  6. A.E. Safarian, *Foreign Ownership of Canadian Industry* (Toronto: McGraw Hill Company, 1966).
  7. *Foreign-Owned Subsidiaries in Canada*, a report on operations and financing based on information supplied by the larger subsidiary companies. Published by authority of the Hon. Robert H. Winters, Minister of Trade and Commerce, Ottawa, June 1967, pp. 7-15.
  8. Consider the case of a foreign firm which enters Canada to develop a new resource. Assume that the technique of production makes intensive use of machinery, which is imported, and uses little labour, and that the output is exported and at prices determined, in part, by the foreign firm; these assumptions are often, though not always, realistic. To the extent that relatively little domestic labour is employed and the resource is exported, benefits will accrue mostly to foreign consumers and foreign factors of production, and Canadian benefits will consist largely of taxes imposed on foreigners. To the extent that the foreign firm is able, at least for tax purposes, to set the export price, Canadian benefit will further depend on the Canadian tax authorities ensuring that the firm, for whatever reason, does not price low and therefore shift profits and tax liability outside Canada. *Foreign Ownership*, pp. 72
  9. *Ibid.*, p. %6.
  10. Safarian, *op. cit.*, chapter 5.
  11. *Ibid.*, p. 304.
  12. *Foreign Ownership*, p. 205.
  13. Wilkinson, *op. cit.* p. 150.
  14. "The more important become innovations of products and processes, the more consequential becomes this explanation." *Ibid.*, p. 129.
  15. International Monetary Fund, *International Financial Statistics*, Supplement to 1966-67 issues; and United Nations *Yearbook of International Trade Statistics*, various years.
  16. The small industrial countries here are Austria, Belgium, Luxembourg, Denmark, Netherlands, Norway and Sweden.

17. M. G. Clark, *Canada and World Trade*, Staff Study No.7, Economic Council of Canada, Ottawa, 1964.
18. Wilkinson, *op. cit.*, chapter 3.
19. **If Canadian trade follows this pattern (and it promises to do so) then total imports which are heavily concentrated on highly processed commodities will tend to rise more rapidly than will total exports, which are largely raw and crudely processed materials. *Ibid.*, p. 44.**
20. See Gruber, Mehta and Vernon, *op. cit.*, p. 26.
21. Dr. E. W. R. Steacie, president of the National Research Council. Statement to the Royal Commission on Canada's Economic Prospects, quoted in Safarian, *op. cit.*, p. 171.
22. D.B.S. Industrial Research and Development Expenditure in Canada, Dec. 1967. See pp. 15 & 16 and 38-40.
23. Raymond Vernon, *op. cit.*
24. L.E.H. Trainor, "Americanization of Canada—A Scientist's Viewpoint." (Mimeo).
25. C. Freeman and A. Young, *The Research and Development Efforts in Western Europe, North America and the Soviet Union* (Paris, O.E.C.D., 1965). For comment by Watkins and associates, see *Foreign Ownership*, p. 97.
26. H. E. English, "Industrial Structure in Canada's International Competitive Position," The Canadian Trade Committee, Montreal, June 1964.
27. Safarian, *op. cit.*, p. 305.
28. *Foreign Ownership*, pp. 154-55.
29. *Sources of Funds of Direct U.S. Investments in Canadian Manufacturing Mining and Petroleum* (table omitted)
30. D.B.S., *The Canadian Balance of International Payments: A compendium of statistics from 1946 to 1965*.
31. *Foreign-Owned Subsidiaries in Canada*, *op. cit.*, section 3.
32. G. R. Conway, "The Supply of, and Demand for, Canadian Equities," *op. cit.*
33. *Ibid.*, p. 44.
34. **In the primary resource field industries, a guaranteed long-term market in the parent for at least part of the subsidiary's output has often been the critical factor in the decision to exploit the resource, sometimes much more important than the supply of capital or of technology. *Foreign Ownership*, p. 76.**
35. Report of the Royal Commission on Banking and Finance, Ottawa, 1964, pp. 87-88.
36. *Foreign Ownership*, pp. 291,412.
37. George Grant, *Lament for a Nation*, p. 47. 38. *Ibid.*, p. 41.
39. Hugh G. J. Aitken, *American Capital and Canadian Resources*, pp. 112-113,114.
40. Jacques Parizeau, quoted by René Lévesque in *The Star Weekly Magazine*, Toronto, January 20,1968.
41. *Ibid.*, Lévesque.
42. Peter Regenstreif, *Montreal Star*; January 18, 1969.

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **Lament for a union movement**

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*(All emphasis by the Web Ed.)*

**Of the organized workers in this country nearly 75 per cent are in American unions; the percentage in English Canada is naturally higher.** But it is not my purpose to discuss the origins and results of this American domination; this task has been undertaken by many others, most successfully by John Crispo in his various books and articles on international unionism. **Rather, it is my intention to describe the Americanization process in operation. It seems to me that it is important to analyse not only the causes and the consequences of this American domination, but also how it comes about -- how a Canadian labour organization inexorably succumbs before American pressure.**

**Many students of the Canadian labour movement have argued that the final Americanization of the Canadian labour movement occurred in 1902 when the American Federation of Labor (AFL) ordered its Canadian affiliate, the Trades and Labor Congress (TLC) to expel unions whose jurisdictions conflicted with those of the AFL unions in Canada.** The reluctant acquiescence of the TLC signaled final capitulation before its American parent organization and marked the end of its bitter struggle to retain its autonomy in Canada. It seems to me, however, that the last lingering hopes for a truly Canadian labour movement were not permanently quenched until the early 1950s when, after a decade of implacable resistance, the Canadian Congress of Labour (CCL) finally gave way before the persistent pressure of its affiliates in the American Congress of Industrial Organization(s), forcing the Canadian union movement into the giant step forward of adopting the all-inclusive "industrial" unions concept, which meant encompassing all trades within one local in each shop --Web Ed.).

In the 1930s, while the vigorous, aggressive CIO was expanding in the United States, just north of the border hundreds of thousands of unorganized Canadian workers were crying out for organization. At this time there were already two large labour organizations in Canada: the TLC, which was completely dominated by the AFL, and the All-Canadian Congress of Labour (*earlier name for the CCL --ed.*), which - as its name suggests -- was militantly nationalistic and anti-American. But neither organization was capable of meeting the workers' demands. The ACCL was too small, too poor, and not aggressive enough; and the TLC was simply delinquent. In any case, to create a nation-wide purely Canadian labour organization in a country that was both immense and relatively empty, and which had a comparatively undeveloped industrial base, was an impossible task. Thus, to fill the vacuum, the Congress of Industrial Organization came into Canada.

The CIO came, not entirely because it wanted to, but because it was compelled to. So desperately did Canadian workers desire organization that without official CIO approval scores of unauthorized "CIO" organizers -- most of whom were communist (*members of the Stalinist Canadian Communist Party, and*

*Trotskyists or independent Marxist militants --ed.)* -- sprang up around the country, organizing workers into "CIO" locals. To legitimize these efforts, and to maintain its image as the champion of the unorganized worker, the CIO had no alternative but to sanction organizing in Canada (though the CIO president, John L. Lewis, grumbled that the CIO had too much to do in the United States to be bothered about Canada).

Canadian workers did not hesitate to join an American union. Having just suffered a ravaging depression, they were understandably more concerned with material benefits than with national identity. They felt they had no choice but to join forces with their fellow workers to the south. After all, their problems were the same, their traditions were similar, and in many cases they worked for the same employers. Above all, the CIO had much more to offer them than any Canadian union. It had the personnel, the large treasury, and, most important, the experience, to provide Canadian workers with the organization they so urgently needed.

**To Canadian workers the very name "CIO " had a mystique all its own. It was a magnet that attracted workers in their thousands. What it had done for American workers it could just as easily do for those north of the border.** In fact, for the labour movement, the border did not exist. Organizers and union officials crossed the boundary both ways with little difficulty. And in the same way, with even less difficulty, American economic interests were moving with increasing swiftness into Canada. The expansion of the electrical, rubber, automobile, and other mass production industries into Canada in the 1930s provided an industrial base with new jobs for thousands of Canadians, and it was among these workers that the cio gained its foothold.

**Unlike those of the AFL, the leaders of the CIO abdicated most of their responsibilities in Canada to local people. As a rapidly expanding organization in the United States, the CIO could spare neither the time nor the energy for the Canadian operation. Most of the organization's leaders in Canada were native-born. Their experience was almost exclusively Canadian and so were their interests. Thus, when the CIO proposed a merger with the intensely nationalistic ACCL, the threat of American control seemed somewhat mitigated.**

From the beginning the ACCL had vehemently opposed the CIO. During the famous Oshawa strike in April 1937 when the CIO first emerged as a viable power in the Canadian labour movement, the ACCL had supported General Motors and Premier Mitchell Hepburn's anti-labour government in their futile attempt to smash the CIO. And it had also called for the forced removal of American unions from Canada, on the grounds that they represented an "obstacle" to Canadian "national unity and culture."<sup>1</sup> But lacking funds and suffering from weak organizing methods, the ACCL was in no position to compete with either the CIO or the TLC; indeed, many ACCL locals were threatening to transfer their allegiance to their more opulent and aggressive American competitors. Consequently, when the CIO leadership, concerned about the overwhelming communist influence in their unions, approached the ACCL to discuss a merger, the Canadian organization was decidedly interested in the proposal.

If the ACCL leaders were eager for the merger to be consummated, its rank-and-file members were not. For this reason Aaron Mosher, the autocratic president of the ACCL, kept his negotiations with the CIO secret -- even from his own executive -- until the merger arrangements were complete. Most ACCL members were won over only when the CIO unions signed the merger agreement; for the first clause stipu-

lated that "all organizations affiliated with the new Congress shall be autonomous with respect to their economic and legislative policies and shall not be subject to control in these matters outside Canada."<sup>2</sup> This, in turn, caused some anxiety among American CIO leaders who feared that the CIO unions in the newly created Congress would sever their international connections. Paradoxically, while the Canadian CIO leaders were reassuring their American colleagues that the merger would in no way change the relationship between CIO affiliates in Canada and their American parent unions, the ACCL leadership was publicly reassuring its membership that the new Congress would be "strictly Canadian" and would "carry on its own affairs without dictation or interference of any kind from outside Canada."<sup>3</sup>

During negotiations, the one major dispute between the CIO and the ACCL involved those ACCL unions which fell within the jurisdiction of the CIO unions. After a series of tumultuous meetings which threatened to disrupt the merger, the ACCL finally gave in to CIO demands that all locals within the CIO jurisdiction must automatically join the appropriate CIO union. The new Congress constitution -- written by the CIO -- also called for the same centralized organizing fund and authority which characterized the CIO structure south of the border. In September 1941 the two organizations met in Toronto and created the Canadian Congress of Labour (CCL).

**With the merger, strongly nationalist unions found themselves in the same fold as unions controlled from the United States. Both were intensely committed to their respective philosophies. The former wished to build a powerful, strictly Canadian labour movement, controlled by its Canadian membership; the latter also wished to build a strong labour movement, but were more concerned with continental problems. The former wished to sever all ties with the American unions; the latter wished to strengthen them.** This alliance of antipathetic philosophies bedevilled the Congress for years and, indeed, was never to be resolved. The CCL, therefore, proved to be less of a fusion than a coalition in which each component part attempted to maintain its individual identity.

Part of the problem lay in the inability or the unwillingness of the CIO unions to meet their financial commitments to the Congress. Meetings between the CCL and international union presidents resulted in many promises -- but little else. Even some of the international representatives in Canada complained to their parent organizations that the CIO unions were not doing their share for the Congress. As a result, the CCL continued to rely on its chartered unions for the bulk of its revenue; and, as a natural corollary, it rebuffed most efforts of the international unions to take over the chartered locals within their jurisdiction. This only exacerbated the quarrel between the CCL offices in Ottawa and the CIO headquarters in Washington.

ACCL (*NOW CCL --ED.*) officials also were disturbed that the American unions continued to pay their dues to the CIO. The president of the Congress, Aaron Mosher, complained that it would "be far better to have the Canadian membership pay the per capita tax [directly] than to have it come ... to us from headquarters in the United States."<sup>4</sup> He warned that some "narrow-minded" people might think "that so long as the Congress receives a cheque for per capita tax from ... the United States, it is taking instructions as well from the source of its revenue, and that does not help us in putting it across that the Canadian Congress is an independent Canadian labour body." Mosher also urged that all publications, pamphlets, and other advertising matter used in Canada should be of Canadian origin and that the American unions should "emphasize the CCL affiliation and not that of the CIO."

Both these proposals were turned down by the CIO whose leaders argued that "there is no reason why people in Canada should not know what our movement stands for ... It has nothing to apologize for." Emphatically rejecting Mosher's requests, the CIO added that "we shall expect that the name CIO will not be held in the background but will be there for everyone to see as the institution which stands for our democratic way of life."<sup>5</sup> This reply enraged Mosher. He angrily accused the CIO of ignoring the interests of Canadian workers, of "returning to the AFL psychology in its treatment of the Canadian situation," and of refusing to respect Canadian sovereignty in not permitting its Canadian affiliates "to determine their own policy and administer their own internal affairs." The CIO curtly replied that it would do all in its power to maintain its identity in Canada, though it naturally had no intention of "injuring the standing or prestige of the Canadian Congress of Labour."<sup>6</sup> The matter was therefore left in abeyance to be settled at a later date; not surprisingly, it never was.

Mosher was soon joined in his campaign against the American unions by the CCL's secretary-treasurer, Pat Conroy, who was himself a member of a CIO union -- the United Mineworkers of America. When Conroy demanded that the CIO pay to the Congress all the dues it was receiving from its Canadian affiliates, the CIO was aghast. Instead it offered to hand over this monthly assessment to Charlie Millard of the United Steel Workers, the leader of the CIO forces in Canada. It stipulated, however, that these funds were not to be used for the "general purposes" of the CCL but "that it be deposited in a separate CIO organizing fund ... to be used specifically for CIO purposes."

This so outraged the volatile Conroy that he threatened to resign. The CIO proposal, he felt, would undermine the "autonomous" nature of the CCL, make it the "infant equivalent of the CIO" in Canada, and "undoubtedly lead to the breaking up of the Congress."<sup>7</sup> He also chided the CIO for "setting up a Congress within a Congress" and for not understanding the Canadian situation. Rather than call Conroy's bluff, the CIO capitulated and agreed to turn over to the Congress its Canadian assessment.

More victories were soon to follow. Over the violent opposition of the CIO and its affiliate, the American Newspaper Guild, the CCL chartered a newspaper local in Vancouver. In this way the Congress was able to assert its ascendancy over the smaller CIO affiliates in Canada. But the true litmus test of CCL autonomy was the problem of jurisdictional disputes. While Mosher and now Conroy maintained that the Congress was completely independent from the CIO, it nevertheless remained a fact that jurisdictional conflicts among international unions in Canada invariably were resolved in the United States. How autonomous and independent could the Congress be if it could not settle disputes among its own affiliates? If the Congress could somehow persuade CIO affiliates to have their quarrels settled directly by the CCL without referral to the CIO, then the "autonomy" question would finally be resolved.

The issue came to a head in 1942. Jurisdictional conflicts among the automobile, steel, and electrical unions -- all CIO affiliates -- were threatening to tear the Congress apart. When Conroy travelled to the 1942 CIO convention in Boston to discuss this problem with CIO leaders, he was ignored. Humiliated, on his return to Canada he announced that he was "fed up" and "damn disgusted with the CIO." He had made several "fruitless trips" to the United States, he said, to discuss Canadian problems, but instead found that "no one in the CIO has, apparently, any time to discuss anything with anybody."<sup>8</sup>

Finally, succumbing to Conroy's relentless threats the three CIO unions agreed to refer all their jurisdictional conflicts to the CCL, though the Canadian president of one of these unions, the United Electrical Workers, warned that the real purpose behind the Congress request for full jurisdictional rights in Canada "was to give [Mosher] the power to maintain his balance of power... against the increasing strength of the International unions in Canada... [so that he]... could use these powers in order to build up National unions at the expense of the International unions."<sup>9</sup>

By March 1943, then, the CCL could rightfully proclaim that it was autonomous. Not only did it receive the entire monthly assessment ordinarily paid by international unions in Canada to the CIO, but it had also acquired the power to settle all jurisdictional disputes involving its affiliates, and to create, if it wished, chartered locals within the jurisdiction of a CIO union. Yet for the next few years, the CCL would still be forced to battle to assert its independence.

This struggle took many forms -- some serious, some less so. Among the latter, for example, in July 1943 Conroy suggested to the CIO director of organization, Allan Haywood, that he stop using the term "our Congress membership" in his letters to the CCL and substitute instead "your Congress membership." The former expression, he said, fanned "the prejudices of some Executive members" who thought it undermined the autonomy of the Congress.<sup>10</sup> Another critical issue for the Congress was whether it would be compelled to accept as affiliates all the CIO unions in Canada. When the CCL refused to affiliate several CIO unions on the grounds that they were "communist" (*i.e., Stalinist-dominated --ed.*) organizations, Haywood informed Conroy that since these unions were CIO affiliates "there should be no question in accepting them." Though he informed Conroy that the CIO was "disturbed" with their behaviour, the Congress would not budge.<sup>11</sup> In the end the CIO once again accepted the CCL position.

**Whatever prestige had accrued to the Congress in its battle to ward off the pretensions of the CIO was dealt a grievous blow at the World Labour Conference in London in February 1945. The World Federation of Trade Unions, with the support of the CIO representatives, refused to give Canada a seat on its executive body, on the grounds that the CCL and the TLC were made up of locals of United States unions -- even though representation was given to smaller powers in Latin America and Europe. But rather than weakening the resolve of the CCL, this humiliation further strengthened its determination to assert its independence from American domination. On behalf of the Congress, Conroy informed the CIO that the CCL would insist on three prerogatives, without which its so-called "autonomy" was meaningless: the right to determine its own foreign and domestic policy, the right to determine what organizations it should accept or reject, and above all the power to compel international unions to follow the policy set down by the CCL conventions.<sup>12</sup>**

Haywood, however, was totally indifferent to the sensibilities of the CCL. Because it was comprised of locals of CIO unions, he thought it reasonable that Canada should be refused a seat on the World Federation of Trade Unions executive. Further, in his opinion, the CCL was no different than any CIO state council in that "every local of a CIO union must affiliate" with the CCL in Canada. Finally, he added, the CIO would never allow the CCL the three powers that it demanded.<sup>13</sup>

**For the next few years while Haywood made many attempts to "show the flag" in Canada, Conroy consistently repelled them. In 1945, when Haywood urged CCL unions in Canada to "communicate**

**to their senators their support of Henry Wallace as Secretary of Commerce," Conroy pointedly responded that Canadians had no desire to interfere in American affairs "though the contrary could not be said for some Americans." In 1950, after several more years of such exchanges and after Haywood had sent a barrage of wires urging the workers in Conroy's "state" to send telegrams and letters to their senators voicing their strong opposition to the policies of the American Congress, Conroy's patience ran out. He informed Haywood that the CCL was not a "state federation and could not be treated like one," that the 49th parallel was not simply a state line but an international border, and that after ten years it was "about time" that the CIO realized that Canada could not be treated like an American state.<sup>14</sup> This was something the CIO was extremely slow to accept. (All emphasis by the Web Ed.)**

Understandably, finances were the most pressing and persistent of problems. For years the CIO unions paid the Congress a monthly per capita tax of five cents. Naturally, when the CIO raised its own per capita tax to eight cents in 1948, the CCL expected to receive the extra three cents. To his surprise, Conroy was informed that the extra three cents was earmarked for an organizing drive in the Southern States. Conroy immediately sent a series of letters to CIO offices in Washington stating that the Congress was on the verge of bankruptcy and needed the extra assessment. Finally, on behalf of the CIO unions within the CCL, Millard informed the CIO executive that, despite the fact that the American unions supplied the bulk of the membership, it was the national and chartered unions which provided most of the revenues. For this reason CCL officials were encouraging organization on a national and charter basis. Only if the CIO unions increased their financial contributions, he added, could this alternative be avoided. And only then could the American unions within the Congress achieve the influence commensurate with their numbers to ensure that "policies of real benefit" to international unionism would be adopted.<sup>15</sup>

**Where Conroy's pleas had gone unheeded, Millard's were quickly accepted. The CIO agreed to send an annual \$50,000 grant to the CCL to be used only for purposes of political action, education, and public relations, as Millard had recommended -- but, pointedly, not for organization, as Conroy had demanded. This latter restriction annoyed Conroy, who correctly regarded it as an "intrusion on the autonomy" of the Congress and an "indirect slap" at its organizational policies.<sup>16</sup> The episode left Conroy deeply disillusioned and humiliated. He felt that his position as secretary-treasurer had been badly undermined and he was rudely apprised of how impotent he was to change CIO policy. The proud and sensitive Conroy was deeply hurt, and this undoubtedly played a large part in the momentous decision he was to make several months later.**

(...)

Conroy was brought into the CCL in the key position of secretary-treasurer because the CIO unions felt that the executive neither understood nor sympathized with the ideals and objectives of international unionism. In Conroy they thought they had found the "perfect man" to represent their point of view. They were sorely disappointed.

(...)

To help counter the strength of the American unions, Conroy became the champion of those arguing for more and stronger national unions. With the help of the national unions he strove to root out the CIO infrastructure in the CCL. He asked unions to remove the "CIO" from their letterheads and to avoid mentioning, if at all possible, the CIO connection.<sup>17</sup> He appointed as organizers men who were strongly committed to the expansion of national unions. Some of these men were ill-suited for organizing activity,

but extremely loyal to Conroy. Unhappily for Conroy, however, his attempts to reduce the power of the CIO unions in the congress failed. He had come expecting to rule, but found that he was powerless to do so. His attempts to get for the Congress the authority over its affiliates he thought so necessary, were doomed. After ten fruitless years of efforts, Conroy sadly lamented that in relation to its large international unions the CCL was "left without any authority ... thereby reducing it to the status of a satellite organization at the mercy of its affiliated unions."<sup>18</sup>

Between the CCL and the CIO there were two major areas of dispute: the CCL organization policies and its appointments, the latter being simply the corollary of the former. In order to build up the strength of the CCL numerically, and especially financially, Conroy and Mosher were dedicated to a policy of organizing as many directly chartered locals as possible. To carry out this policy it was essential to hire men who agreed with it -- men who supported national over international unionism. This brought a series of complaints from Millard that no "CIO men" were being given CCL appointments. Though Millard's complaint was exaggerated, it was undoubtedly true that while "CIO partisans" were in charge of the CCL political and educational campaigns, few were given organizational responsibilities.

Relations between the CCL and the CIO were further strained by the innumerable jurisdictional disputes involving CIO unions, but above all, by the refusal of CIO unions to submit to CCL authority. So upset was Conroy by the obstinacy of the CIO unions that he unburdened himself in a long letter to Millard:

(") My personal opinion is that I should resign from office, and let the Congress of Industrial Organizations and its International Unions take over the Congress ... The Congress is supposed to be an autonomous body ... but ... in matters of jurisdiction ... the Congress is left without any authority, thereby reducing it to the status of a satellite organization at the mercy of its affiliated unions. These organizations choose to do whatever they want regardless of Congress desires, and in accordance with what their individual benefit may dictate they should do ... My own reaction is that I am completely fed up with this situation ... In short, the Congress is either going to be the authority in its field, or it is not. If it is not to exercise authority, then the more quickly the Executive Council appoints someone to hold a satellite position, the sooner the Congress will know that it is a purely subject instrument, with no authority and a servant of the headquarters of International Unions in the United States ... This thought has been running through my mind for the last three or four years, and I have not arrived at it overnight. It is just that as the chief executive officer of the Congress, I am in an untenable position, and I am not going to work in that capacity (\*).<sup>19</sup>

If Conroy hoped that such a letter would change the attitudes of the American unions, he was sorely disappointed. Soon after receiving this letter, Millard ordered Steelworker organizers to launch a campaign among several of the Congress' chartered locals to bring them into Steel. And at a meeting with CCL

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officials Millard warned that unless the Congress transferred its chartered locals to the appropriate CIO union, the international unions would begin a concentrated effort on their own to woo these unions into the CIO(20) (...)

MacDonald retained Conroy's policy of drawing CCL staff from national unions and ordering them to organize and service these same national groups. He was similarly reluctant to transfer chartered locals to the appropriate affiliates. Insistent as ever, the international unions demanded that they be given a voice in making CCL appointments. MacDonald, with equal insistence, refused to surrender this prerogative.

**More serious were the international incursions against CCL locals. Because of the low dues structures of the chartered locals and the open opposition of CCL organizers, few of these groups were handed over to the international affiliates claiming jurisdiction.** Though the CCL Jurisdiction Committee ordered that some Congress gas and electrical workers' locals in Ontario and Saskatchewan be turned over to the CIO Oil Workers union, the hostile opposition of CCL organizers thwarted this move. Efforts by the Steelworkers and Autoworkers to take over a CCL needleworkers' local in Quebec failed when the Congress decided that since there were two claims for the local, it was better for it to remain in the hands of the CCL. Demands by the Autoworkers and Steelworkers that their unions be allowed to take over CCL locals in Orillia were rejected by CCL officials on the grounds that in that area "psychological factors were against organization by the International unions."<sup>21</sup>

Dismayed by the attitude of the CCL leaders and convinced that the only way to change policy was to change its leadership, Millard resolved to unseat either Mosher or MacDonald -- preferably both -- during the next election at the 1952 convention. Instead of risking defeat by challenging Mosher, Millard decided that it was safer and also more important to unseat MacDonald. And in this attempt he was supported by all the CIO leaders. When informed of the campaign against him MacDonald "blew his top," charged that it was a "stab in the back ... a doublecross and an insult," and vowed that he would fight "to his last drop of blood" to retain his job.<sup>22</sup>

At first his task seemed hopeless. Of the 934 delegates at the 1952 convention, more than 600 were from international unions, 234 of these from the USW alone. Every leader of every CIO union in the country, with the solitary and insignificant exception of the president of the tiny Retail-Wholesale union, promised to swing his union's support behind the CIO candidate, Bill Mahoney of the USW. There was no doubt in anyone's mind but MacDonald's that he would be defeated. Nevertheless, against all odds, in what was called "the greatest election upset in the history of the Canadian Congress of Labour," MacDonald managed to win. It was the most humiliating setback ever suffered by the international unions in the CCL.

Even with Mahoney's defeat, the CIO unions triumphed. In the elections, aside from Mosher, only one other representative of a national union was elected to the fourteen-seat executive. Even the representative of the Canadian Brotherhood of Railway Employees was defeated in his attempt to retain the seat held by his union since the creation of the CCL. But far more important, over the heated and at times vituperative opposition of Mosher and MacDonald, the CIO unions managed to pass two constitutional amendments which enhanced their control of CCL affairs. The first transferred the power of appointment from the secretary-treasurer to the executive council, which was controlled by the international unions; the council was also given the power to setup and administer a department of organization. The second raised the dues structure of the chartered locals to the level of the international unions, so that there would be less reason for the former not to join with the latter.<sup>23</sup> With these two amendments the CIO unions achieved the full control over CCL affairs that they felt their members and their financial strength merited. **Thus, the 1952 convention was not, as most observers believed, a great victory for the national union forces but rather their ultimate decisive defeat. While the national unions celebrated MacDonald's astounding victory, the CIO unions were whittling away the powers of the secretary-treasurer, thus making him the captive rather than the captain of the new team. It was, as a Steel delegate so astutely remarked at the convention, "a brand new" Congress. Though everyone owed "a debt of gratitude forever to**

**the national unions" for their past contributions, it was the international unions with their overwhelming numbers that now controlled the CCL. At the 1952 convention the national union forces had made their last desperate, valiant gesture, had won a final remarkable battle, but in so doing had lost the war. With them the last lingering hopes for a purely Canadian national labour organization disappeared.**

**This is not to say that the voices urging autonomy for the Canadian labour movement had been stilled. On the contrary, many of the international union leaders -- particularly Millard -- were in the forefront, urging increased independence for Canadian affiliates from their American parent organization. What it did signify, however, was that CCL policies -- organizational, political, and economic -- would now be completely in line with those agreed upon by the large American unions. The CCL envisioned by Conroy and Mosher -- a congress in which the national affiliates and chartered locals would be numerous, powerful, and wealthy enough to withstand the incursions and override the demands of the American unions -- proved chimerical. But Conroy's foremost achievement, the attainment and guarantee of the complete autonomy of the CCL from the CIO, proved unassailable. Decisions made by the executive and approved by the convention were binding on all CIO affiliates in Canada, whether the CIO approved or not. Even controlled by its CIO affiliates, the CCL maintained its autonomy from the CIO to the very end.**

It is worth noting, I think, that to most rank-and-file union members, the conflict between national and international unionism was entirely irrelevant. It was among the leadership that this battle was fought. As almost all studies of the labour movement have shown, the average union member plays an unimportant role in the affairs of his union. Only when his own economic well-being is at stake -- during strikes and collective bargaining negotiations -- does he take more than a passing interest in the activities of his union. And this, of course, was especially true of the unionist in the 1930s and 1940s, when his immediate, and indeed sole, concern was to achieve financial security.

**Nevertheless, because of these internal pressures, the CCL did much to benefit the trade union movement in Canada. When the Congress re-merged with the TLC to form the Canadian Labour Congress (today's CLC --ed.) in 1956, the AFL agreed to loosen its firm grasp over its Canadian affiliates and to follow the pattern forced on the CIO by the CCL. In addition, disregarding the example of the AFL and the TLC, the new Congress based its autonomy from the AFL-CIO entirely on the precedent set by the CCL in its relationship with the CIO.**

**Thus, as the first paragraph of its constitution stipulated, the Canadian Labour Congress was from the outset an "autonomous Canadian Labour Centre with full powers over all labour matters in Canada." Most large AFL unions followed the lead of the larger CIO unions and set up Canadian districts and national offices for their affiliates. The struggles of Mosher, Conroy, and their national union forces had not been totally in vain. As a result of their efforts, the international unions within the CLC agree to recognize Canada as a separate entity, to grant their Canadian affiliates limited independence, and to treat their members in Canada differently from members in the United States. This was the CCL's main achievement.**

**On the other hand, like its predecessor, the Canadian Labour Congress is dominated completely by its American affiliates. No more than in the CCL have the national union leaders in the CLC been able to undermine this ascendancy of the American unions. To Canadian nationalists, especially those in the labour movement, this failure to achieve for the national unions the power to curb the pretensions and designs of their American union colleagues, was the CCL's most conspicuous and crushing defeat. It signified that thenceforward Canadians would be unable to control their own labour movement. The Canadian labour movement was no longer effectively Canadian. (All emphasis by the Web Ed.)**

NOTES

- 1 Public Archives of Ontario, Hepburn Papers, Mosher to Hepburn, April 24, 1937; *Canadian Unionist*, April 1937, p. 273; May 1937, pp. 323-4.
- 2 Files and correspondence of the Canadian Labour Congress (CLC), Memorandum of Understanding between ACCL and CCIO Nov. 30, 1939.
- 3 CLC, e.g., Mosher and Dowd to Stevenson, Jan. 18, 1940.
- 4 CLC, Mosher to Conroy, Dec. 13, 1940.
- 5 CLC, Haywood to Mosher, Feb. 19, 1941.
- 6 CLC, Mosher to Haywood, March 1, 1941; Haywood to Mosher, March 10, 1941.

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **Canadianizing American Business: the roots of the branch plant** Michael Bliss

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*(All emphasis by the Web Ed.)\|*

**"As Industrial Canada commented in 1908, "That a portion of the profits made on the development of our latent resources has to be paid out in interest (to foreign owners -- Ed.) is no hardship, since without the capital there would have been no profits at all."<sup>15</sup> (Here it is -- the comprador spirit of the 'native' proto-entrepreneur turned agent of foreign capital -- Ed.)**

Was there a Golden Age of Canadian economic nationalism? Did Canadians implement a national economic policy in the era of Sir John A. Macdonald that protected Canada and its resources from the United States? Can those salad days of energetic nation-building before the long Liberal sell-out be held up by modern nationalists, or nationalist-socialists, as an example of what anti-American (or pro-Canadian) economic nationalism should be trying to achieve now? No.

**In the light of present issues, the Canadian National Policy of tariff protection was a very limited form of economic nationalism. Its effect was to resist only certain kinds of potential foreign domination of Canadian economic life, while encouraging exactly those other forms of outside penetration that are now, according to economic nationalists, our most serious economic problem.** There was nothing accidental about this apparent contradiction. The old economic nationalism was based on premises about the needs of the Canadian people that transcended the simple black and white attitudes towards Americans familiar to readers of this book. These premises have continued to operate, virtually without regard to the political labels of governments in power, as the underlying consensus shaping much of Canadian economic strategy.

The 1911 election seems to have been the apogee of classic Canadian economic nationalism. Laurier's relatively innocuous reciprocity agreement with the United States roused Canadian protectionists to one last spirited defence of the old National Policy. Once again, as in the 1891 campaign, the issue of Canada's commercial relations with the United States was transfigured into a plebiscite on the future of the Canadian nationality. **Reciprocity, it was argued, would subvert the economic foundations of Canada (an industrialized central Canada servicing a dynamic agrarian West through a developed east-west communications network), leading inevitably first to economic integration and then to political integration with the United States.** More important, the Canadian attempt to preserve a distinctive identity in the northern half of the continent would be abandoned. Imperialists and nationalists -- who were never very distinguishable -- agreed that continued tariff protection for Canadian industries equalled Canadian patriotism and *vice versa*. This compelling equation split the Liberal party as its protectionist wing rallied round the flag, drove protectionist business organizations like the Canadian Manufacturers' Association into active politics in the comfortable role of national guardians, and doomed Laurier's desperate gamble for one final mandate for his crumbling regime. The election campaign was characterized by anti-Americanism ranging from the rational to the paranoid. John Diefenbaker tried but failed to resurrect its spirit in 1963; one wing of the NDP keeps trying. (*Presumably a reference to the 'rational' nationalism of Waffle, which should not be conflated with bourgeois or backward lumpen -- 'paranoid' -- 'anti-Americanism' --Ed.*)

But one of the minor themes of the Conservative-protectionist argument in 1911 illustrates the paradox of the "nationalism" of the National Policy. By 1911 there were already enough American branch plants in Canada to arouse concern when Canadians considered tariff policy. That concern, though, was not to limit what had already been called an American "invasion" of Canada,<sup>1</sup> but rather to sustain and encourage the branch-plant phenomenon. Branch plants were obviously a creation of the tariff, and it was equally obvious that tariff reductions under reciprocity might lead to an American withdrawal back across the border.

According to the *Financial Post*, the possibility of such an *undesirable* situation developing was already worrying the Laurier government in 1910:

**Now our ministers at Ottawa have not the slightest desire to do anything, or to agree to anything, that will have any tendency whatever to check the movement of United States manufacturers to establish large plants in this country.** These American establishments operate importantly to build our population and trade, and to build up a good market for the produce of our farms. And it seems that the existence of our moderate tariff against United States manufactured goods has been instrumental in many cases in bringing us these industries. Hence a strong argument exists for not meddling overmuch with the duties.<sup>2</sup>

When the government none the less pushed on with an agreement that raised the prospect of lower duties on manufactures, Canadian nationalist-protectionists made the branch-plant issue a minor but significant part of their campaign. In his landmark speech to the House of Commons, when he finally broke with the Liberal party, Clifford Sifton specifically pointed to the good effects the Quaker Oats Company was having on the economy of Peterborough, cited an interview in which its president had announced the company's intention to return to the United States under reciprocity, and worried that reciprocity would put an end generally to the beneficial development of American branch plants in Canada.<sup>3</sup> Lloyd Harris, another renegade Liberal, read to the House of Commons letters from American manufacturers threatening to withdraw from Canada and/or refusing to expand. Harris spelled out the branch-plant creating effect of the tariff, and concluded: "**That is exactly what I want the Canadian policy to do. I want the American manufacturers to be forced to establish plants on this side of the line and provide work for our Canadian workmen if they want to have the advantage of supplying our home markets.**"<sup>4</sup>

**Still another defecting Liberal MP, William German of Welland, was moved by exactly the same consideration. He pointed out that the tariff had caused seven or eight million dollars of American capital to be invested in branch plants in his constituency, had given employment to thousands of workers, and had created a home market for agricultural products. Reciprocity likely would destroy all of this and ruin the economy of the Welland area.**<sup>5</sup> German supported the National Policy because it fostered American economic expansion into his constituency.

Canada's leading protectionist publications similarly were worried about the inhibiting effects of reciprocity on the branch-plant movement. The *Montreal Star* compiled lists of the American branch plants in Canada, and the *Toronto News* asked, "Why ratify a reciprocity agreement that will largely remove this necessity for American industries to establish branch factories in this country? Why do anything that may stop the influx of United States capital for industrial enterprises in Canada?"<sup>6</sup> The *Monetary Times* headlined an anti-reciprocity article, "Americans Will Not Establish Branches."<sup>7</sup> *Industrial Canada*, the organ of the Canadian Manufacturers' Association, worried about branch plants in every issue during the campaign; once its cartoonist depicted an American manufacturer standing on the Canadian side of the tariff barrier meditating, "I'd build a factory here if I was sure they wouldn't destroy the dam."<sup>8</sup>

All the while, of course, protectionists were branding Americans as monopolistic marauders lustng to exploit Canada's resources and ravish her political nationality. But it was only American Americans to whom these phrases applied. Let an American move across the border and locate his business in Canada and he immediately became a useful economic citizen whose presence should be appreciated and encouraged. Geography, it seemed, had marvellous pacifying qualities. (*Ignoring the question of financing industry by foreign capital or domestic capital, but also ignoring the question of direct control, thus accountability to the Canadian state, as well as the export of profits, etc. -- Ed.*)

The branch-plant-creating effect of the protective tariff was not new in 1911, only a bit more obvious. The 1858 tariff on agricultural implements had caused at least one implement firm to pole-vault into Canada. This was noticed and used in 1875 as an argument for further protection.<sup>9</sup> **Although Macdonald did not rely on the investment-creating argument in his speeches defending the National Policy, his supporters were quite conscious of it (one Conservative in 1879 claimed the protective tariff "would bring capital into the country, that that was one of its chief attributes."<sup>10</sup>)** As early as 1880, in fact, MPs were read a communication from the manager of a branch-plant-child of the tariff: "Tell the members of the House of Commons that the St. Catharines Cotton Batting Company would not be in Canada today had it not been for the National Policy, and if the duty is taken off they will take the machinery back to the other side, as we can get cotton cheaper and save freight, which is quite a consideration. ... we sell more cotton batting in this part of Canada than all the factories combined. We would ask for a further increase in duty."<sup>11</sup>

**Throughout the 1880s and 1890s the establishment of branch plants was noticed in the Canadian press and hailed as one of the finest achievements of the National Policy.** From 1882 to 1896, for example, various issues of the *Canadian Manufacturer* (the first organ of the Canadian Manufacturers' Association) contain sixty-nine references to branch plants being considered by Americans, negotiations being carried on towards the establishment of branch plants, branch plants being established, and the benefits of branch plants. Invariably the phenomenon is explained as a result of the protective tariff; the notices often end with comments like "Score another for the N.P." the N.P. does it," "more fruit from the N.P. tree," and "another monument to the glory and success of our National Policy." The need to protect American branch plants was used as an argument against unrestricted reciprocity in the 1880s; and the fear that Americans would withdraw from Canada was used as an argument in favour of the Conservative National Policy in both the 1891 and 1896 elections.<sup>12</sup> By the early 1900s it was common knowledge that Canada's protective tariff had encouraged such major American companies as Singer Sewing Machine, Edison Electric, American Tobacco, Westinghouse, Gillette, and International Harvester to establish Canadian subsidiaries. **By 1913 it was estimated that 450 off-shoots of American companies were operating in Canada with a total investment of \$135,000,000; the triumph of the National Policy in 1911 had greatly encouraged the branch-plant movement.<sup>13</sup>** But as early as 1887 a federal royal commission had been told by the secretary of the CMA that there was scarcely a town of importance in Ontario that did not contain at least one branch of some American business.<sup>14</sup>

As economists have long recognized and historians long ignored, the roots of the branch-plant economic structure in North America must clearly be traced to the operations of the National Policy of tariff protection. The situation could hardly have been otherwise; for in an integrated continentalist economy, a branch-plant structure designed for anything but regional economies would have been inefficient and superfluous. **The economic nationalism of the late nineteenth century, then, operated and was known to operate to induce Americans to enter Canada and participate directly in the Canadian economy.** Accordingly, the National Policy sowed many of the seeds of our present problem with foreign ownership. Possibly it caused more American manufacturing penetration than completely continentalist or free trade policies would have encouraged. From the perspective of the late 1960s it now appears to have been a peculiarly self-defeating kind of economic nationalism. **The funny thing about our tariff walls was that we always wanted the enemy to jump over them. Some walls!**

The paradox dissolves once the real nature of traditional Canadian economic nationalism is clarified. The impulse behind the National Policy and the whole complex of policies comprising our strategy for national development was not simply or even basically anti-American. It was rather a kind of neo-mercantilism designed above all to secure the maximum utilization in Canada of a maximum of Canadian resources. The nationality of foreigners competing to manufacture Canadian resources in their own countries or to supply Canadians with foreign resources was quite irrelevant. In the early years our tariffs shut out foreign products without regard to their national origin. They probably had a much more negative impact on trade with England than on trade with the United States, and the economic nationalism of Canadian producing classes supplied much of the resistance to any serious system of imperial preferences in the twentieth century.

**Similarly, massive inputs of foreign capital were seen to be absolutely central for this concept of national economic development.** Outside money was wooed without regard for either nationality or modern distinctions between direct and portfolio investment. Few people in the half-century after Confederation questioned Canada's absolute reliance on foreign capital. Aside from worrying now and then about our ever being able to pay off our debts, no one was seriously upset about the ultimate consequences of a high percentage of foreign ownership -- either British or American -- of our resources. Least of all were they worried about the flow of interest and profits to foreign countries. **As Industrial Canada commented in 1908, "That a portion of the profits made on the development of our latent resources has to be paid out in interest is no hardship, since without the capital there would have been no profits at all."<sup>15</sup>**

If the Canadian tariff policy was consciously designed to attract foreign capital to Canada in whatever form it chose to come, there were other more precise policies to encourage the same migration. The applications of export duties on saw-logs in the 1890s and then again on pulpwood in the early 1900s were deliberate and successful attempts to force American lumber and pulp manufacturers across the border to set up their mills in Canada.<sup>16</sup> Intermittently throughout the 1890s and early 1900s both the Dominion and the Ontario governments blustered, cajoled, and legislated in an unsuccessful attempt to force the International Nickel Company to move its main refinery to Canada.<sup>17</sup> **And the most important of all of these efforts to induce direct foreign investment has been the least noticed: every Canadian province, every Canadian city, every Canadian hamlet pursued its own "national policy" of offering all possible incentives to capitalists and developers to come into its territory and establish manufacturing enterprises.** The practice of granting bonuses to industries in the form of free sites, free utilities, tax concessions, loans, and outright cash grants was universal and persistent, despite the vehement objections of established capitalists. It was responsible for the attraction of countless American branch plants to specific cities as well as for the occasional municipal bankruptcy.<sup>18</sup> The federal government led the way in "bonusing" with its subsidies to the CPR and the general subsidy to manufacturing industries inherent in the tariff. **On an even grander scale it conducted an astonishing alienation of public resources by "bonusing" every farmer who came to the Canadian West, regardless of his nationality, with 160 acres of free land.** Many American farmers came; and there was more concern about their effect on Canadian national life in the early twentieth century than about all the branch plants combined (in a way every American-owned homestead that had family connections to the United States was a little branch plant).\*

\*In a paper read at the 1969 meeting of the Canadian Historical Association, "The Decline and Fall of the Empire of the St. Lawrence," Donald Creighton argues that the chief subversion of the National Policy came only after the rise to prominence of provincially controlled resources in the 1920s. He implies that the federal government shepherded resources under its control more responsibly, or at least more nationally, than the provinces did. My argument may suggest a reconsideration of Creighton's thesis.

The basic assumption underlying all of this activity was the conviction that foreign capital and business enterprise should be Canadianized, that is, that they should be put to work inside Canada on Canadian resources and thereby produce the maximum benefit for the Canadian people and the Canadian nation. This explains precisely why Americans in the United States were competitors and economic enemies, but were invaluable allies once they had crossed the border with their money and skills. The bare fact of their crossing the border Canadianized them. **In this sense the Canadianization of foreign business was one of the basic themes of economic nationalism, at least until the First World War.**

Vague dreams of a "Big Canada," of population growth, wealth, status, and power undoubtedly all motivated Canadian National Policy-makers.<sup>19</sup> But there was one significant specific variation of these themes that deserves more attention. After defence and public order the most important function of government in nineteenth century Canada was the provision of more and better jobs. Hamlets, towns, cities, provinces, and the nation all assumed that they had a duty to promote jobs for their citizens and for incoming future citizens. They rightly knew that jobless citizens left depressed communities and that such emigration was a sign of communal failure in the most basic way. Particularly in bad times this explains the

desire on the part of every political unit to promote industrial development (in good times the "bigness" theme became predominant). The argument of development to create employment was especially important on the national level in the depression of the 1870s. Macdonald's concern for the emigrating unemployed echoes (with only a touch of hyperbole) through his great 1878 speech demanding a National Policy:

*["]We have no manufactures here. We have no work-people; our workpeople have gone off to the United States. They are to be found employed in the Western States, in Pittsburg, and, in fact, in every place where manufactures are going on. These Canadian artizans are adding to the strength, to the power, and to the wealth of a foreign nation instead of adding to ours. Our work-people in this country, on the other hand, are suffering for want of employment. Have not their cries risen to Heaven? Has not the Hon. the Premier been surrounded and besieged, even in his own Department, and on his way to his daily duties, by suffering artizans who keep crying out: "We are not beggars, we only want an opportunity of helping to support ourselves and our families"? Is not such the case also in Montreal and in Quebec? In fact, is not that the state of things which exists in every part of Canada ...?*

*["].. if these men cannot find an opportunity in their own country to develop the skill and genius with which God has gifted them, they will go to a country where their abilities can be employed, as they have gone from Canada to the United States. ... The hon. gentleman opposite sneered at the statement that thousands of our people had left this country to seek for employment in the United States. Why, the fact is notorious that the Government of the Province of Quebec have been taking steps to bring back their people. —*

***["]... if Canada had had a judicious system of taxation [a protective tariff] they would be toiling and doing well in their own country.["]<sup>20</sup>***

**By fostering home industries, protection would give these artisans the jobs they were going to the States to find.** It was only a small step to the realization that protection would also draw American manufacturers across the border to provide even more jobs for Canadian artisans. And once this was realized, good nationalists -- nationalists concerned with protecting the Canadian community from emigration through unemployment -- could only encourage the process. **Whether or not this whole argument made or makes sense theoretically is irrelevant; it was the economic theory that Canadians acted upon.** (*Which is why we readers -- as socialists -- remain indifferent on the question of historical development of capitalism in Canada and the U.S. which has produced modern-day Canadian nationalist sentiment as a result -- a sentiment which is today an anti-capitalist consciousness rejecting foreign control, the extraction of profits and much heightened national indebtedness, as well as inevitable real loss of political control to Washington's and the Pentagon's demands in Ottawa, as regards foreign and military policy -- Ed.*)

**French Canadians faced the same problem even more dramatically. The greatest threat to the French-Canadian nationality in the late nineteenth century was emigration to the textile mills of New England.** Quebec governments had to create jobs to preserve the national identity of their overpopulated community. The colonization programmes that were begun in the 1840s were serious attempts to create employment in agriculture -- far more serious and sophisticated than historians have credited them with being. But there were also significant French-Canadian attempts to encourage industrial development of all kinds in the province of Quebec from at least the 1880s. Thanks to William F. Ryan's *The Clergy and Economic Growth in Quebec (1896-1914)*, we now know that French Canadians at many levels of society understood the potential benefits of industrialism to their community and deliberately encouraged manufacturing and resource-development as job-creating alternatives to emigration. Anglophones, usually Americans, were entirely welcome in Quebec because of the ultimate value they had for preserving the French-Canadian nationality. Ryan's discussion of the role of Laurentide Pulp in the community of Grand-Mere summarizes volumes of French-Canadian social and economic history: "Jamais de memoire d'homme on n'avait vu tant d'argent dans la region et dans la paroisse," comments a native about the early years of the pulp mill; "Owing to the new prosperity the cure of Sainte-Flore was able to complete his new church in 1897," remarks Ryan; and a succeeding cure tells the American manager of Laurentide, "Mr. Chahood, you and I are partners -- I look after the spiritual welfare of my people while you are responsible for their bodily well-being."

Extreme dependence on capitalists -- often foreigners -- for initiating crucial economic development with its accompanying employment explains much of the respect for "captains of industry" before the great

depression. Capitalists created jobs; they spent money; they enabled cures to build churches. Even when they behaved badly, as the capitalists of the International Nickel Company did before the First World War, the jobs they provided were so critical that neither Ontario nor Canada wanted to stand up to them.<sup>22</sup> **The leaders of the province of Quebec often had to genuflect to capitalists by urging deference and docility upon the working class for fear that a militant labour movement would discourage investment in Quebec and thereby create even more desperate poverty leading to emigration and denationalization.**

**The nineteenth century economy created the role of the capitalist as hero, as nation-builder.\* When the foreign capitalist's work led to the development of Canadian resources he too qualified as a builder of the Canadian nation, whether or not he repatriated his profits.** Van Home of the CPR is the most famous Canadianized American (C. D. Howe seems to have won more notoriety than fame, although his contributions to Canada vastly exceeded Van Home's); but perhaps the most exciting in his day was Frank Clergue, a semi-respectable American promoter who in the late 1890s created the multi-million dollar industrial complex at Sault Ste Marie. Clergue's remarkable ability to turn the wasteland of northern Ontario into a seeming El Dorado amazed, delighted, and shamed Canadians who marvelled at a man with more faith in their country than they had themselves. For a time, in fact, Clergue became a stronger Canadian nationalist than the Canadians, urging them to have confidence in their own country and its resources and campaigning at all levels of government for extensions of Canadian mercantilism (which would, of course, benefit his industries). Clergue's activities aroused concern about the participation of Americans in Canadian development, but only in the form of exhortations to native Canadians to be as enterprising and dynamic as this American and his Philadelphia backers.<sup>23</sup> Here was a fully Canadianized American businessman, right down to the refurbished Hudson's Bay Company blockhouse he lived in, communing with the spirits of the builders of the empire of the St Lawrence. Despite the spectacular bankruptcy in 1903 that effectively ended his Canadian career, Clergue has been the only "Canadian" businessman to live on in our fiction, the subject of our most prolonged hymn to capitalist enterprise.<sup>24</sup>

\* This is recognized in our historiography in the popularity of the "Laurentian thesis" and in the interpretation of the construction of the CPR as a national epic. Frank Underhill+ has been the only major historian to promote a "robber baron" approach to nineteenth century Canadian businessmen. (+CCF 'social-democrat' --Ed.)

(...)

Could things have happened differently in the two or three generations after Confederation? Could a more foresighted and active Canadian government or a more dynamic entrepreneurial class have perceived the ultimate American threat to Canadian society and thwarted it before serious inroads were made? Even if Canadians had recognized an American threat -- unlikely inasmuch as Canadianizing American business was integral to Canadian nationalism -- there would have been no acceptable alternative to reliance on foreign capital and capitalists for national development. **Mel Watkins has suggested that a more thorough-going state capitalism, including a national investment bank, would have obviated dependence on outsiders.**<sup>26</sup> In the context of the late nineteenth century this is Utopian: Canadian governments were barely competent to run a post office efficiently or anything honestly, let alone be entrusted with hundreds of millions of dollars for national development; the Canadian people fiercely resisted all forms of public appropriation of their incomes; the safety-valve of emigration to the United States put firm limits on the extent to which Canadian development policies could diverge from American, or the Canadian standard of living could fall below that of the United States. **Recently Watkins has also argued that a weak and timid entrepreneurial class abdicated from its crucial role as moulder of a natively Canadian economic policy.**<sup>27</sup> Such a Schumpeterian or proto-Marxist approach to economic development is probably inadequate in theory. It is at least unproven in fact, for we know virtually nothing about the actual entrepreneurial activities of native Canadians in the formative years of industrialism. My suspicion is that Canadian businessmen did meet ordinary standards of entrepreneurial prowess and that in areas like industrial education they were frustrated by the conservatism and elitism of the cultural establishment, notably professors of the humanities. (*Note the jab at 'professor-saboteurs'! The fact is our early 'barely competent,' dis-'honest' administrators who could not 'be entrusted with ... millions of dollars for national development' simply lacked the will or resources to embark on public development of Canadian resources -- as Mel Watkins and the Waffle advocated -- Ed.*)

This argument has no more implications for present policy than any historical study. It does, I hope, do something to save the past record from the distortions of the present-minded. The economic nationalism of the National Policy was clearly inadequate as a defence against American penetration of the Canadian economy. On the contrary, it encouraged the commencement of American penetration in the form that most worries modern nationalists, and it did this with a fair measure of purposefulness. The great "sell-out" did not begin with Mackenzie King in the 1920s or with C. D. Howe in the 1940s. If anything it was a consistent policy about which there was an extraordinarily broad consensus. If King and Howe are to be criticized for not perceiving that Americans were the "real" threat to Canadian independence, surely Macdonald also must be censured either for not perceiving the future course of North American economic development or for wilfully promulgating a policy that encouraged American economic migration to this country. In all three cases it is much more fruitful to emphasize the force of their desire to create a community of prosperous and happy Canadians (largely happy because prosperous) and their willingness to import outside resources to that end. (*While it is difficult to fathom the motives of a long-past figure like Mackenzie King, we can easily surmise the short-sighted, compradore, opportunism and grasping greed of a figure like C.D. Howe --Ed.*)

Discussions of the role of elites in Canadian history have so far had little to do with historical reality. If elite theory must be used to explain Canadian economic development, some of the points raised in this essay should lead to a reconsideration of the interaction of elites in the late nineteenth century. In so far as industrial employment depended on the existence of capitalists, the industrial worker had a profound common interest with his employer -- in the preservation of his job. The benefits of tariff protection in sustaining and encouraging manufacturing, including branch plants, were distributed to the industrial working class in much the same proportion as to the industrial employing class. Instead of a working class being oppressed by a capitalist elite, there was, at least on issues of high commercial policy, a single "industrial elite" which perceived itself as the beneficiary of the National Policy and all its consequences. By the 1890s a few union leaders had developed a working-class consciousness that led them away from paternalism and conventional Canadian economic wisdom. The mass of Canadian industrial workers, though, were still protectionist. The tariff, they thought, protected their jobs and created new jobs in industrial production. After all, the working class supplied the Canadian content of the American branch plants. (*Thus, the false theory of proletarian 'protectionist' consciousness is born, as well as the insinuation that workers were ultimately responsible for their alleged preferred foreign exploitation -- Ed.*)

Some of the problems and attitudes reviewed here are still directly relevant. The Canadianization of Texas Gulf Sulphur takes another step forward as the Robarts government is egged on by the NDP to force it to transfer its refinery to Canada -- creating jobs in Timmins by sacrificing the possibility of native Canadians some day building their own refinery. Joey Smallwood offers to deal with the devil if he has the capital to produce jobs for Newfoundlanders through industrial development (and what are a few Erco-poisoned fish compared to the wages that ex-fishermen can get in factories?); his alternative is the depopulation of the island. Anglophone control of the Quebec economy is despised, but its withdrawal threatens to destroy the economic base of the French-Canadian nationality. In Manitoba Ed Schreyer finds out as the head of an NDP provincial government that he must take capital where he finds it whatever his theoretical doubts about the extent of American investment in Canada. On the whole Canadians continue to believe -- wisely, I think -- that a limited but prosperous national existence is preferable to a pure, poor nationality. (*This cynical reductionist reasoning --aimed at the only working-class political vehicle, the NDP, and at the alleged opportunist workers themselves, rather than foreign and domestic capitalists and/or their political lackies, neatly sidesteps any effort to offer solutions or to assess the growing nationalist sentiment against this heightened exploitation -- Ed.*)

In 1909 the Canadian Manufacturers' Association launched another crusade for the support of Canadian home industries. One of the first companies proudly advertising its product as "Made in Canada" was Coca-Cola. Things went better...

## NOTES

- 1 *Financial Post*, June 11, 1910.
- 2 *Ibid.*, June 4, 1910.
- 3 *House of Commons Debates*, Feb. 28, 1911, pp. 4394-6.
- 4 *Ibid.*, March 8, 1911, p. 4905.
- 5 *Ibid.*, March 2, 1911, pp. 4486-7.
- 6 Reprinted in *Industrial Canada*, XI, 10 (May 1911), p. 1072.
- 7 March 4, 1911, p. 918.
- 8 XI, 7 (Feb. 1911), p. 729. For the issue of branch plants and reciprocity in the United States, see Ronald Radosh, "American Manufacturers, Canadian Reciprocity, and the Origins of the Branch Factory System," *C.A.A.S. Bulletin*, III, 1 (Spring/Summer 1967).
- 9 William Dewart, "Fallacies of Reciprocity," *Canadian Illustrated News*, Feb. 13, 1875.
- 10 *House of Commons Debates*, March 28, 1879, p. 791. Mr John Weiler brought this and the letter cited in the next footnote to my attention.
- 11 *Ibid.*, March 23, 1880, pp. 836-7.
- 12 See *Canadian Manufacturer*, May 6, 1887, p. 263; April 17, 1891, p. 198; June 5, 1896, p. 468.
- 13 Fred. W. Field, *Capital Investments in Canada* (Toronto, 1914), p. 25. For another account of early American investments see Herbert Marshall era/., *Canadian-American Industry* (Toronto, 1936), chap. 1.
- 14 Royal Commission on the Relations of Capital and Labor in Canada, *Evidence - Ontario* (Ottawa, 1889), p. 179.
- 15 VIII, 10 (May 1908), p. 763.
- 16 H. G. J. Aitken, ed., *The American Economic Impact on Canada* (Durham, NC, 1959), chap. 1; Aitken, "Defensive Expansionism: The State and Economic Growth in Canada," in W. T. Easterbrook and M. H. Watkins, eds., *Approaches to Canadian Economic History* (Toronto, 1967). It is significant that the federal government, not the provinces, first began the use of export duties on saw-logs as a means of inducing manufacture in Canada.
- 17 O. W. Main, 77ie *Canadian Nickel Industry* (Toronto, 1955), chap. 4.
- 18 For "bonusing" see any Canadian business periodical for any year between Confederation and 1914, but especially the note beginning "Belleville ... has organized a little National Policy of its own," *Canadian Manufacturer*, May 17, 1889, p. 329; also *ibid.*, July 19, 1895, p. 69, "American firms of every description ... have only to make public their designs and be inundated by letters from Canadian municipal authorities."
- 19 R. Craig Brown, "The Nationalism of the National Policy," and John Dales, "Protection, Immigration and Canadian Nationalism," both in Peter Russell, ed., *Nationalism in Canada* (Toronto, 1966).
- 20 *House of Commons Debates*, March 7, 1878, pp. 857, 859.
- 21 Ryan, 77ie *Clergy and Economic Growth in Quebec (1896-1914)* (Quebec City, 1966), pp. 62, 64, 67.
- 22 Main, *The Canadian Nickel Industry*, chap. 4.
- 23 For Clergue's career, see Margaret Van Every, "Francis Hector Clergue and the Rise of Sault Ste. Marie as an Industrial Centre," *Ontario History*, LVI, 3 (Sept. 1964); for his exhortations to Canadians, see Francis H. Clergue, *An Instance of Industrial Evolution in Northern Ontario, Dominion of Canada; Address Delivered to the Toronto Board of Trade, April 2nd, 1900* (Toronto, 1900); for reaction to Clergue set *Monetary Times*, April 6, 1900, p. 1323; Feb. 1, 1901, p. 987; March 8, 1901, p. 1160.
- 24 Allan Sullivan, *The Rapids* (Toronto, 1922).  
(...)
- 27 "A New National Policy," in Trevor Lloyd and Jack McLeod, eds., *Agenda 1970; Proposals for a Creative Politics* (Toronto, 1968).

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **Perspectives on un-American traditions in Canada (excerpts)**

**Gerald L. Caplan and James Laxer**

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*(All emphasis by the Web Ed.)*

Canadian socialism lacks a self-contained theoretical framework.\* It has never come to grips with Canada's uniqueness: its British heritage, its propinquity to the United States, its dual nationalism. Instead, it has merely modified the British Fabianism which was the birthright of its earliest Canadian supporters; in Canadian terms, this meant opposing Lockean liberalism with welfare liberalism, or creating the CCF (*Cooperative Commonwealth Federation, farmer-labor party founded in 1933, precursor to the NDP --Ed.*) against the Liberal and Conservative parties. Thus imprisoned by its derivativeness, it failed to perceive the major theme in Canadian history since as early as 1918. Rejoicing in Canada's escape from the empire, socialists ignored the more insidious process whereby we were becoming perhaps the first neo-colony.

\*In this paper we refer only to English Canada when we talk of "Canada." When we speak of "socialism," we mean such institutionalized structures of workers, farmers, and middle-class progressives as the CCF/NDP, organized labour, and the co-operative movement. (*Note by the authors*)

**The purpose of this essay is, first, tentatively to indicate why Canadian socialists have only just begun to perceive the reality of the American role in Canada, and, secondly, to begin the enquiry as to whether there exists a tradition of Canadian radicalism which contains a serious component of opposition to American imperialism.** We will argue that both the CCF/NDP and the Canadian trade union movement reflect a moderate left tradition, upon which a more radical ideology and strategy can, in theory, be built. Whether, as a result of transforming these two institutions into meaningful instruments of an anti-imperialist struggle, Canadian socialists can succeed in winning power in Canada, is a question we shall examine in conclusion.

**In this essay we take as a given the proposition that American imperialism threatens the very existence of the Canadian nation, and that it is the chief enemy of the world social revolution which we believe essential to the creation of a more just and humane international order.** Because assumptions such as these are uncommon in an intellectual community dominated by liberals, socialist scholars often do little more than challenge conventional beliefs, and as a result they rarely get beyond first principles. In our case, we take it that this book in itself provides the documentation for our view of the contemporary American state. While recognizing that our position is far from unchallengeable, we nevertheless have chosen here merely to assert it explicitly as the basis for the substantive argument which follows.

Socialists in Canada have not always been concerned to protect Canadian independence from the threat of American domination. In fact, their strong concern with the national question is a relatively recent

phenomenon. The primary reason for this is that socialists in Canada have tended to borrow their ideas on national sovereignty from either liberals or conservatives, depending on the period in question, while they themselves have viewed the evolution of Canadian nationhood from differing perspectives.

Liberals generally have considered the most important events in the evolution of the Canadian nation to be those associated with gaining constitutional autonomy from Great Britain: the struggle for responsible government, and the acquisition of the right to set our own foreign policy. This liberal school of thought, which is associated politically with the Laurier-Mackenzie King tradition, has considered the establishment of close economic ties with the United States to be the most sensible development strategy for Canada.

Opposing this perspective has been the tradition of tory-nationalism. Tory-nationalists consider the great events in our history to be those concerned with the maintenance in Canada of a society distinct and separate from that of the United States. Since the era of John A. Macdonald, these men have been associated historically with the protection of Canadian industry, the British connection, and positive state intervention in the economy in the interest of national development.

Where does the left fit into this picture? Before the 1960s Canadian socialists tended to echo the liberals on the national question. The western progressives, who became one element of the CCF, were passionate free-traders who had turned away from Laurier only after the defeat of his reciprocity policy in 1911. The intellectuals who joined the CCF and drafted the "Regina Manifesto" were in many respects left-Laurier liberals. Thus Frank Underhill would find it easy to agree with Mackenzie King that Canadian independence would be achieved if Canada loosened her ties with Britain and affirmed her North Americanism. Thus the "Regina Manifesto" blamed the depression of the 1930s on economic nationalism and pledged the CCF to oppose the development of a new economic British empire. No mention was made of the danger of an American takeover of the Canadian economy, even though direct American investment already existed on a large scale in Canada by 1933.

The attitude of Canadians (including Canadian socialists) to the United States has shifted markedly from one period to another, tending to favour either the traditional liberal or the traditional tory view. Sometimes Canada's differences from America, and sometimes her similarities to America, have been emphasized depending on the context of the period and on the perspective of the observer. During the Civil War, the strains of violence in American society appeared more salient than the common commitment of the two countries to the ideal of nineteenth-century liberalism. **When Canadian and American forces were landing together in Normandy, it seemed more pertinent that two democracies were fighting Nazism than that Canada had agreed to a permanent alliance with the United States in the establishment of the Joint Defence Board in 1940. Today, the issues of the war in Vietnam and internal racial violence combine with the American takeover of the Canadian economy to modify a traditional Canadian view of the United States as both a society to be emulated, and a powerful ally and protector against chimerical threats from abroad. At certain points the landscape of history casts into relief the features Canadians fear in the United States, while at others it projects largely what they admire. Clearly the main determinant in the attitude of Canadians to the United States has been changes in it rather than in ourselves.**

The vacillating love-hate sentiments of Canadians toward Americans derives from the fact that English Canadians enjoy their own exclusive collectivity and yet also are a part of the larger American collectivity.

This aspect of the English-Canadian consciousness has been reaffirmed periodically by such events as the War of 1812, Confederation, and the rejection of reciprocity in 1911. The idea of Canada as counter-America is based on a set of notions that recur continually in the English-Canadian attitude to the United States: that the United States is too big, too unmanageable, and too violent; that Canadians can be grateful for the border, and for all the empty space that exists between them and the North Pole; that as a marginal power we enjoy the luxury of being a more relaxed and humane people. In peaceful times Canadians have been conditioned to think that it is better to let the Americans take the lead; we will follow at a safe distance, enjoying the material benefits of America but eschewing the social pitfalls. However, in periods when the situation in the United States is most menacing, Canadians tend to focus on the features in their own society which distinguish them most from their neighbour and from their neighbour's view of man.

**America now shoulders the burdens of world empire and will continue to do so for the foreseeable future. The end of American isolation has meant that America's inherent imperialist tendencies are now on permanent display. As a result of this change in America's world position, a permanent polarization has occurred in Canadian thinking regarding the United States, replacing the previous tendency of Canadians to vacillate from the tory to the liberal pole. (All emphasis by the Web Ed.)**

Canadian liberals (including in this sense many Conservatives and NDPers), who by and large share the world-view of the American empire, seek continental integration socially and economically, even if they have minor policy differences with the Americans from time to time. Those who are not in sympathy with America's world aims and with her social system are taking up the struggle for Canadian independence. Increasingly, this means Canadian socialists. Ironically, at the same time as conservatism is disappearing as a viable force in Canadian society, socialists are taking up the conservative view of the national question. With the disappearance of Britain as an important factor in Canadian affairs and with the reduction of the national bourgeoisie to a junior partnership in American enterprise, Canadian conservatism has become mere sentimentality (*since the 1970s and by the 21st Century this 'sentiment' has become concretized by multiple "free trade" pacts and long-term conservative parliamentary rule -- Web Ed.*).

As socialists take up the burden of being the prime defenders of Canadian independence, they are attracted to conservative intellectuals such as Donald Creighton and Harold Innis who have paved the way for them. The transition of Canadian socialists from the liberal to the tory view of Canadian nationhood is most conspicuous if one compares *Canadian Dimension* in the 1960s to *Canadian Forum* from the twenties to the fifties.

The Innis-Creighton metropolitan school stressed the evolution of Canadian society as the product of a commercial-communications system centred on Montreal, but having its ultimate point of origin in Britain. Thus they rejected a claim of the frontier thesis that Canadian social practice was "forest-born," a thesis which Frank Underhill applied to Upper Canadian radicalism. Logically, of course, the frontier influence transcended such irrelevancies as nation boundaries. It therefore naturally identified Canadian progressivism with its American counterpart, leading ultimately to a theory of a continental identity of interest on the left. For the metropolitan school the important features of our society had their ultimate origins on the other side of the Atlantic and not in North America. Kenneth McNaught's study of Woodsworth, which stressed the British origins of his social philosophy, was important in extending the metropolitan thesis to Canadian socialism. Gad Horowitz and Cy Gonick, writing in *Canadian Dimension*, refined the shift in the Canadian socialist perspective by developing the thesis that socialism and national

independence are necessarily reciprocal demands in Canada. Only with their work in the 1960s did Canadian socialist thought advance beyond the anachronistic continentalism of the *Canadian Forum* in the fifties. It is above all the national question which has led to a revitalized Canadian socialism, and which is now the leading item on its agenda.

**We repeat: for Canadians who wish to pursue the elusive goal of an egalitarian socialist society, American imperialism is the major enemy.** The struggle against this enemy, however, must not be waged by the mindless imposition of strategies which have evolved in wholly un-parallel situations. The social movement which alone can mobilize the resources for this struggle must be true to its discrete traditions and environment. For Canadian socialists, this means that while we need to draw upon the experiences of homologous movements elsewhere in the world, a successful anti-imperialist strategy must be rooted in Canada's unique geo-political position and in the organic traditions and culture of popular movements in this country.

What we are referring to is much more substantial than the conventional conceits of editorial writers when comparing Canada and the United States. While it is empirically valid, for example, to point to Canada's greater tolerance and the comparative lack of violence in its history, it is not clear whether the characteristic in question is one of reasonableness or of colonial passivity. What we are calling for is a serious investigation of the historical evolution of popular culture in Canada. Of special importance to the left, of course, is the history of working-class consciousness as it developed in its unique Canadian setting.

It is the Marxist historian, E. P. Thompson, who has most persuasively undermined the simplistic fundamentalism of too many of his fellow Marxists. As he made clear in his monumental work, *The Making of the English Working Class*, "The changing productive relations and working conditions of the Industrial Revolution were imposed, not upon raw material, but upon the free-born Englishman -- and the free-born Englishman as Paine had left him or as the Methodists had moulded him." The implications of regarding the emergence of the British working class as a unique socio-cultural phenomenon are obvious and should guide us in studying the Canadian working class: classes vary in their political and cultural tradition from one nation to another as a function of their differential historical experiences.

We take a truism. Canada was an integral part of the British empire at the time of the evolution of the British working class, while the United States was not. Our organic relation to the empire, compounded first by the conscious rejection of the United States by the Loyalists and then by immigration from the British Isles, has stamped a British mark on the English-Canadian character which sharply distinguishes it from the American. Because of this relationship, we shared directly in the social experience of Britishers which Americans missed after their revolution. A dialectic was at play: as Americans deliberately severed their original European roots, Canadians, equally deliberately, reaffirmed theirs. Of course, Canadians could hardly escape the influences, both intangible and material, which increasingly permeated from the south; but they wholly consciously remained un-American.

The large-scale British immigration to Canada during these and later years inevitably resulted in the transplanting of important elements of that working-class culture and consciousness in Canada.\* Because they were entering a British country, these immigrants were able to retain their traditions, their social and political attitudes -- in short, their culture. Prominent in that culture was Protestant evangelicalism, a fact

which reflects the central role which religion played in popular culture in the nineteenth century.

\*It is true that many working-class immigrants to Canada became farmers, and indeed contributed weightily to our radical agrarian tradition. But many remained urban workers; for the industrial boom beginning by the 1850s greatly increased the size of the existing labouring class . (*Note by the authors*)

(...)

It is true that the route from British Methodism, to Canadian Methodism, to social gospel, to social democracy in J. S. Woodsworth is only the most spectacular example of a well-travelled path, which led finally to the victory of the CCF in Saskatchewan. But it is equally true that the road from reactionary, fundamentalist, American protestantism led north to Social Credit in Alberta. At the same time, Saskatchewan also was influenced by labour-farmer, populist, and co-operative movements which sprang up in Montana and North Dakota. But perhaps more significant than the very real distinctions between the red-necks and the social gospellers is that they all worked within the flexible ideological framework of nineteenth-century liberalism.

(...)

As in its attitude towards politics, so in its view on labour emancipation, the new movement was torn schizophrenically between its internationalist and its more nationalistic tendencies. Thus, though both intellectually and pragmatically there were good reasons for associating with American unionism, as early as 1873 Canadian working men established the first national central labour organization, the Canadian Labour Union, [E. Forsey 1967] and the first Canadian Labour MLA (*perhaps the author means to say 'MP' --member of Parliament -- MLA=Member of the Legislative Assembly in provincial capitals --ed.*) was elected in Ottawa in the following year.] Even in those years, as Logan [1948] tells us, British immigrants and British ideas were vying with American influences in unions which were already part of North American internationals.<sup>7</sup> In fact ever since there has been a vigorous movement for autonomous or independent Canadian unions, which has resulted in the establishment of Canadian executive structures and newspapers in most unions with international affiliation. At times, this drive has been associated with a move by labour to the (*syndicalist, non-political -- Ed.*) left, as in the case of the One Big Union, or to political activism, as in the creation of the NDP.

**The culture and traditions of the Canadian working class are the lifeline of the Canadian left. The great achievements of the Canadian left -- the political affiliation of many of the trade unions and the strength of social democracy (i.e., the founding of the labor-controlled NDP -- Ed.) -- grow out of that culture and tradition. As with all traditions, this one "has independent life and force, and must affect the behaviour of political movements."<sup>8</sup> Such a situation is unusually significant in the Canadian context, where the immediate task of the left is to prevent the complete assimilation of the country by the American empire.** For we cannot honestly ignore the twin ambiguities which run through the Canadian tradition: the one, that classic love-hate relationship with our great neighbour to the south, the other, the dilution of the British socialist tradition with British liberalism and the ethos of Horatio Alger (*a British writer of boys' stories -- Ed.*)

**Canadian radicals must come to grips with this contradictory position. We must show that in the present situation, the only tenable solution for maintaining Canada as an independent sovereign power is by extending and developing that tradition which has its roots in the social gospel, in welfare-state social democracy, in the preservation of Canadian institutions from domination by stronger foreign powers. Whether our cultural traditions provide an adequate foundation for such a**

**task is a question we must face squarely.**

**The NDP is the most important institutional expression of the Canadian left. More than any other organization, it embodies the cultural and political traditions of the Anglo-Canadian working class. The NDP was created in 1961 through the collaboration of the CCF and the Canadian Labour Congress. The new party retained the reformist approach of the CCF, while evolving an organic relationship with the labour movement of a kind never had by the CCF. The NDP brings together the essential constituencies -- workers, farmers, students, intellectuals -- that are necessary in building a mass socialist movement.**

**However, the NDP also exhibits the timidity that is characteristic of social democracy in Western Europe. The Cold War days of the 1950s have left their mark on the NDP, which was born at the end of a long ideological retreat on the part of its predecessor, the CCF. Retreating further and further from any fundamental criticisms of capitalism, Canadian social democrats began to lose even the memory of the days when they had considered themselves a real alternative. Instead they became little more than a pressure group for a number of welfare measures. In effect, they promised a government that would make capitalism more humane in the interests of the little man. Most serious has been the failure of the NDP to deal with the problem of Canadian independence and to appreciate the global threat of us imperialism to the establishment of socialism anywhere in the world.**

It is not surprising that when a fresh sense of radicalism was experienced in the 1960s, its young proponents tended to ignore the NDP. Quite naturally, young people, who were willing to struggle for a society in which the large majority of people actively determine the shape of the social order, found NDP welfarism less than inspiring.

**In spite of the alienation of the young left from the NDP, certain compelling and unique features in the Canadian political situation make it vital for the new radicals to attempt to radicalize the tens of thousands of New Democrats who make up the only mass left political grouping in Canada. Our location next to the heart of the American empire imperils not only the socialist cause in Canada, but also the very survival of the nation itself. The Canadian left is faced with the imperative of building an anti-imperialist movement in the very near future; a fact which necessitates the creation of the broadest possible left grouping. Efforts to radicalize the NDP are the logical point of departure in building an anti-imperialist movement.**

**If a mass anti-imperialist movement in Canada can win power at all, it can do so only by co-ordinating the struggle for democracy at the local level with that of winning elections at provincial and federal levels. Community democracy is essential, both because it is the most meaningful form of democracy and because only through the experience it provides can power be gained at the national level. And it is only in a strategy to achieve state power that the central struggle to liberate Canada from the American empire can be waged. This in turn will facilitate the democratic control of Canada, and it is also the means by which we can contribute to the international struggle for a socialist world. Towards this end, both the NDP and the trade union movement must be radically restructured and reoriented to be equipped to play their proper roles in the struggle.**

The NDP's predecessor, the CCF, was largely a transplant of British Methodism, British Fabianism, and British Labourism. Not surprisingly, therefore, it was from the first characterized by two serious deficiencies. In the first place, it had an inadequate theory of social change, and no concept of how society is transformed from a capitalist to a socialist one. **There was instead the naive conviction that the cumulative effect of selective nationalization plus social welfare measures would automatically produce a qualitatively new society; the whole would be greater than the sum of its parts** (*here the authors ignore the importance of partial political victories such as winning an NDP policy of nationalization over a particular sector of the economy -- especially in the decisive resources sector -- Web Ed.*) Secure in its chiliastic faith, the central role of property and the realities of power relations could blithely be ignored at worst, vastly oversimplified at best.

**From this sprang the second weakness which reduced the effectiveness of the CCF, as it had the British Labour party and other European social democratic parties. Strategy for these parties consisted exclusively of attempts to gain control of legislatures through electoral means. This had two significant effects. First, it reinforced the illusion that all power resided in governments, and obscured the reality that power is distributed, however unequally, among a number of societal institutions -- governments, churches, schools, the mass media, and above all the corporations. Second, the CCF inevitably ended up directing all its energies towards winning elections. The party consequently became susceptible to offering policies that were immediately attractive, rather than those that were honestly complex and demanding.**

The result finally was intrinsically alienating, for it implied individual powerlessness to influence one's immediate environment. Only parliaments could effect significant changes; the mass of Canadians could do nothing but vote for "the party of their choice"; socialists could do nothing more than try to convince neighbours to vote for the CCF. It was the New Left which had to remind us that it is an abdication of responsibility to concentrate on electoral power at the expense of one's immediate community. The socialist must fight for democracy and equality where it most immediately and directly touches people: in factories, in apartment buildings, in shopping centres, trade unions, neighbourhood associations, schools, and universities. Like its predecessor the NDP, while legitimately interested in (but improperly understanding the nature of) central power, irresponsibly ignored local power. **A priority for radicals, therefore, is to work within the NDP in order to transform its strategic thrust. We must help to make it understand its position as the parliamentary wing of the larger Canadian socialist movement, and the central national instrument in the struggle against American imperialism. For, as European experience has shown, a social democratic party that comes to power without a mass socialist movement can continue to function only at the pleasure of the most potent organized force in society, the capitalist class.**

Similarly, any strategy for building a broad social movement in Canada necessarily involves the problem of revitalizing and extending the labour movement. **We hasten to say at the outset that this is no simple-minded call for the repudiation of international unionism. Only labour's enemies could seriously demand that Canadian unions voluntarily surrender their resources while powerful American-dominated multinational corporations proliferate in Canada. But it is surely not unreasonable to demand that Canadian unions maintain power in their own hands adequate to transform their organizations into vehicles for radical social change, with no restrictions on such activities from external forces.**

**We are, moreover, convinced that socialists must become involved in efforts in their trade unions to raise questions of worker participation and control at every level of industrial decision-making, and in organizing new sections of the labour force. A bureaucratized union, remote from its membership, is as unsatisfactory as a nationalized industry in which workers remain powerless and alienated.** The support of progressive legislation is not enough; the point to be stressed again is that democracy is most vital where it most directly affects everyday life. Socialists must encourage a major takeover by unions of management's present prerogatives; but equally they must insist upon a major takeover by rank-and-file workers of the labour bureaucracy's present prerogatives.

**A third potential community of allies in the struggle to create an independent socialist Canada is the student movement, which has developed during this decade into a serious force in its own right. One of us has dealt elsewhere in this book with the limitations of the Canadian student movement, and we would here only restate one central argument: as long as it is motivated by American issues such as the draft and race, and as long as it fails to come to terms with such radical traditions as Canada offers, it will remain an ineffectual force in Canadian society.**

**It is our conviction that, as necessary conditions for building an anti-imperialist social movement in Canada, the NDP must be weaned from its obsession with electoral politics; the trade union movement must democratize itself while winning increased control in industrial decision-making; and the student movement must be de-Americanized. Two questions logically follow: Can these institutions be transformed in the manner we advocate? And if they can, will we then have the sufficient conditions for a successful socialist strategy? Clearly no facile answers will suffice for such vexing questions; but we can at least indicate the role of radical scholars in helping to come to grips with them.**

We have already referred to the derivative nature of the ideas of Canadian socialists on the evolution of Canadian nationhood. Without a full tradition of socialist scholarship in Canada, socialist scholars, working in isolation, have been obliged to rely almost totally on liberal and conservative historians for their perceptions of the Canadian past. Thus their own views on the national question are predominantly traditional.

This raises the same kinds of problems for socialist scholars in studying Canadian history as are experienced by all modern students of the medieval period. How can one avoid the biases of those whose writings alone can admit one to the period in question? We must face a further and related problem. **Canadian historical writing has tended to be narrowly political in its orientation, dealing largely with the evolution of the thinking of political leaders in Canada. A small group of historians have studied a small group of political leaders with whom they have had much in common in terms of social position and orientation. Almost no work has been done on the evolution of popular culture in Canada. This leads one to conclude that much of what has been said about the ideas of ordinary Canadians on the national question is little more than the wishful thinking of historians, or reflections of what political leaders think their constituents think.**

(...)  
*(end of selection -- all emphasis by the Web Ed.)*

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **The Canadian bourgeoisie and its national consciousness (Excerpts)**

#### **D. Drache**

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*(\*notes by the author) (All emphasis by the Web Ed.)*

**Ten years ago the dream of the Canadian bourgeoisie\* had an air of reality. Its spokesmen made much of the fact that Canada's survival as a nation was assured, that national unity prevailed, that Canada was a land of prosperity. Now, the claims of the bourgeoisie are contradicted by the hard facts of Canadian life.** National disunity, American imperialism, the collapse of federalism, labour unrest, student militancy, and Quebec separatism reveal a different truth about the policies and politics of Canada's ruling class. The disintegration of the country cannot be seen and studied in isolation from the historic mandate of the bourgeoisie to rule Canada. With their unlimited self-assurance they have promoted the view that only one class of people can hold the country together, overcome regional and racial disunity, and build a national state with national policies. But the balkanization of Canada, north-south, east-west, is a fact that the most arrogant of the establishment cannot afford to ignore. Politically the result of this state of affairs is becoming clearer. **The bourgeoisie are in the process of dismantling the Canadian state economically, socially, and culturally. By this process, Canadian history has come full circle -- from a colony to a colonial dependency.**

\*The term normally refers to the owners of the means of production who form the governing class. The Canadian bourgeoisie own a fraction of the means of production and retain control of a minority of the country's resources. More correctly, they are part owners and more frequently the national managers and agents of the owners of the means of production. American capitalists have nationalized Canadian resources and industry. There can be no quarrel on this point. (See a special report in the *Toronto Daily Star* headlined, "Foreigners Buy 500 of Our Firms in 20 Months," October 17, 1969.) In speaking of the bourgeoisie I include also their representatives in the fields of education, culture, media, political life, labour, and military and state bureaucracies, who ally with and defend the interests and policies of resident and non-resident bourgeoisie. Marx describes the function of these people "as the active conceptualizing ideologists of the ruling class."

(...)

**The Canadian plight between two imperialisms was documented in the 1930s and 1940s by a political economist, Harold Innis,<sup>1</sup> and by the conservative liberal historians, Donald Creighton<sup>2</sup> and A.R.M. Lower.<sup>3</sup> In more recent times its chief exponent has been George Grant. In his *Lament for a Nation* he has stated the Canadian dilemma in a single sentence: "Canada's disappearance as a nation is a matter of necessity." He argues that American imperialism has destroyed the basis of an**

**independent Canada, and that the Canadian state has become an advanced colonial structure. He claims further that liberal capitalism has become the instrument for destroying the meagre foundations of Canadian independence. To say this is to argue that the policy of continental development adopted by the Liberal government as Canada's national policy is founded on an anti-national logic. That the Canadian economy has thus been placed at the disposal of American capital and in the hands of American capitalists substantiates the general truth of Grant's argument. The *Watkins Report* presents extensive evidence that the nationalization of Canadian resources by American imperialism has reached an all-time high.**

The charge that Canada has become *de facto* a region of the United States is not new, and on one level it does not take Canadian liberals by surprise. For the bourgeoisie who have guided Canada into a deepened colonialism the wide spectrum of dependency is not a disgrace, nor is it regarded unfavourably. **Near-prosperity, the illusion of prosperity, the spill-over from imperial prosperity have been reason enough to legitimize their policies in the political and economic spheres. Their success in living off the British and American empires has given the bourgeoisie enough political power to withstand the opposition from a long line of radical and radicalizing movements for social change. In the past, the politics sustained by regional disparity, class struggle, farmer militancy, and Quebec separatism never reached ascendancy. Hence, for good reason, the bourgeoisie were able to pursue policies which guaranteed them their place as managers and middlemen of a colonial economy.**

**If for the bourgeoisie of the ruling class the imperial presence does not present a crisis of confidence, it has created a crisis of power. They miscalculated the economic and political cost of remaining an advanced colony. While balkanization may suit the government's purposes, its increased economic helplessness in stopping the "Spread of inflation, regional depression, unemployment, and industrial stagnation does not meet with approval from three critical sections of the Canadian public -- Quebec and the provinces, organized and unorganized workers, and students. Their collective reaction to the Americanization of Canada in its many forms represents the beginning of a new era of politics in Canada.**

The bourgeoisie are threatened by these political realities, and their paranoia dominates their politics. Item: They regard the struggle for a Free Quebec as a national crime. In simpler language, it is a felony to dismember part of the colony and seek national independence. Item: The Committee of Ontario Presidents does not lose any time in aping the imperial American universities and issues its liberal stand for law and order. Radical action in Ontario universities will henceforth be prosecuted. An Americanized faculty and Americanized universities will now be protected from Canadian students. Item: International construction unions in Toronto support a drive to crush-an "upstart" Canadian union. Canada's labour party, the NDP gives no support to the Concrete Former's Union. Item: Inflation and more inflation. The government remedy is to create planned unemployment to cool off the economy. Item: Kierans announces reforms of the postal service. His intention is to make it pay its own way. Consequently, raising the postal rates is tantamount to a stamp tax; it is cheaper not to communicate; publish nationally and perish.

That the bourgeoisie view the political environment with hostility has an objective basis. Then once secure world has ceased to exist and their traditional methods of governorship, parliament, federalism, political parties, and compromise no longer function as national institutions. Their legitimacy is dying out; or, more simply, continental imperialism no longer needs the official channels of the bourgeoisie. But the bourgeoisie have no intention of discarding the pillars of their liberal faith. Such deviations from the norm as the class struggle or Quebec separatism are, in their eyes, unresolved difficulties of the present, not permanent features of a new social order -- structural dependency. In blocking out the major social and economic forces of the present period of history, the bourgeoisie look upon such realities as class politics, imperialism, the colonialism of Canadian capitalism and nationalism as heresies in the minds of the left and not as the political condition of the real world. In part their refusal to recognize these realities, let alone understand them, reflects their historic role in Canadian history. On this point we shall have more to say presently. In another sense, the estrangement of the bourgeoisie is a self-willed act -- the product of their provincialism and their insistence on Canadian exceptionalism. By their logic Canada stands in a unique relationship to history -- history is a benign force which somehow has exempted Canada from the political economy of imperialism, class struggle, and racism. **When this construct is broken apart by the national revolution in Quebec, by the nationalization of the Canadian economy by American capital, and by the demands of students to Canadianize Canadian universities, the eruption of the underground cannot be easily covered up. The very problems to which the bourgeoisie stringently denied an existence dominate the national politics of Canada.**

The case against the bourgeoisie is not made on the grounds of style. Their general dullness, their abject defeatism on the national question, their contempt for democratic politics, their indifference to labour, play an important part in a managerial strategy of de-politicizing Canadian national life. Style is a convenience, the mark of authority. But style, however McLuhanesque and hence attractive in liberal eyes, is not the heart of the matter. **The substantive strategic question is why the bourgeoisie support and welcome the American occupation of Canada. What is it that gives the bourgeoisie a vested interest in Canada as a dependency? Why are they powerless to stop the disintegration of the Canadian state? The answers can be found through study of the history of this class as it builds the national consciousness about nationalism and imperialism, and its use of liberalism as its political ideology. It is through an analysis of these questions that one begins to understand the tragedy of Canadian exceptionalism.**

### **THE CONTRADICTION WITHIN THE NATIONALISM OF SUBORDINATION**

Nationalism joins together the linguistic, cultural, and political aspirations of the ruling class in support of the national economic unit, the nation-state. By virtue of political economy, capitalism is a force of the national interest and the ideology of national cohesiveness -- that is, nationalism. Liberalism has made much out of appeals to nationalism, because of the obvious moral and political implications of this simple theory. But whatever the moral use-value of nationalism, its real power and authority stem from the material interest it advances. It is the latter part of this statement, "material interest it advances," which has been relevant to the Canadian experience.

One cannot fault the Canadian bourgeoisie with the charge that they have not identified with nationalist politics. Their espousal of national unity, national development, and national survival is evidence in their mind of their national interest. However, their methods of working towards these rhetorical goals denote a deep-seated ambivalence and a lack of will to build national economic structures, and hence a political and cultural nation. In the liberal view, Canada's problems grow out of the belief that Canada, if it is not a nation now, *can* be one in the future and that this idea of nationhood can be brought about by reasonable men working reasonably for its attainment. For liberal persuaders Canada can be a country, a nation unto itself, and can survive on the continent as an un-American, yet sovereign, state by virtue of the fact that the desire is a reasonable one, non-antagonistic to American interests, and because Canada's existence as a nation is recognized by law. Their perception of Canadian history resembles, then, a textbook of constitutional and legal pieties. For them the resilience of liberal optimism is that it acts as its own surrogate. It wishes away the unreasonable issues of Canada's situation. The Canadian liberal has never wanted to face the political economy of his situation. He believes that Canadian nationalism is essentially a nationalism of, and at one with, empire. This idea of nationhood was supposed to be a testament to the possibility of how the contradiction between national sovereignty and imperial control could be overcome. In the view of the national bourgeoisie, to join nation to empire was a sign of nationhood, coming of age within the empire; for the liberal tradition in Canada is founded on the historical experience that liberalism has grown out of empire and that colonies have grown into nations. As a colony it had experienced neither the best nor the worst of the imperial world; and although its place in the empire was ambivalent in certain respects, the Canadian ruling class had no serious misgivings about the necessity for empire and the importance of an imperial domain. But the bargain it attempted to strike first with the British and then with the United States empires failed to prevent Canada's integration economically and politically into the imperial fold.

As burghers of the industrial world in both the nineteenth-and twentieth centuries, Canadian businessmen and industrialists have given priority, not to the search for worldwide markets and imperial monopoly after the Anglo-American pattern, but to a national goal of protection and preference, entry and accessibility into imperial markets.<sup>5</sup> **This nationalism of empire, although not unlike the national philosophies of the British and American bourgeoisie, differed in a fundamental aspect. Whereas the latter "big" bourgeoisie spoke from a developing if not a well-developed foothold of national capitalism, in Canada the bourgeoisie spoke from a much different position. Canada's economy was that of a colony, characterized by underdevelopment of industry and overdevelopment of staples. The nationalism of Canadian capitalism contained the belief that it sought co-existence with "mature" capitalism, not as an equal, never as a rival, but primarily as a subordinate and lately as a junior partner.\*** It was this economic outlook which Canadian governments drafted as their chief strategy with Britain before the end of the British Century in 1939. It solved the problem of getting a better deal for Canada in imperial affairs by adopting a rhetoric of Canadian absenteeism from imperial commitments. In reality, government policy amounted to a tactical ploy of hedging its bet in order to bargain for special concessions. It was this same strategy that the long reign of Liberal governments devised to establish Canada's colonial reliability with Washington. **Reversing styles, the Pearson approach called for blanket endorsement of American Cold War politics -- a free hand in a Free World for an American-continental market. In both instances the nationalism of subordination fit the material interests of**

**the Canadian bourgeoisie.**

\*W.L. Morton, "British North America: A Continent in Dissolution," *History* (June 1962), argues that, for geo-political reasons connected with the American Civil War, the Canadian bourgeoisie would always be dominated and run by the needs of the American empire. The excellent analysis of this question by S. Ryerson in *Unequal Union* (Toronto, 1968), refines Morton's contention. He demonstrates that the petty bourgeois elements in Upper and Lower Canada were developing a national capitalist consciousness which was anti-imperialist. Historically the petty bourgeoisie have lacked political power to beat the imperial policies of Canada's big bourgeoisie. On this last point G. Myers, *History of Canadian Wealth*, is an invaluable source of information.

**If the task of nationalism on the economic level is to ensure the colonial relationship of the governing elite to the imperial establishment, politically nationalism is a dangerous instrument of class rule. This is no less true for the Canadian bourgeoisie than it is for any other colonial elite. By its very definition nationalism in the colony is an anti-imperialist doctrine. Too much talk of independence and economic development arouses the latently antagonistic national consciousness of the people. This is the explosive, socially progressive, politically formidable side of nationalism which the bourgeoisie seek to defuse. They know also that without national unity or a sufficient amount of national identity the economic state of the country suffers. Hence, the bourgeoisie do not relish nationalism. They look upon it as a tightrope which will bridge the distance between local growth and imperial concerns.\***

\*The most successful colonial politicians, Macdonald and King, put nationalism to work in this manner -- home rule rather than national independence. Macdonald's statement, "a British subject I was born and a British subject I will die," was more than idle boasting; it was a statement of Canadian political economy. In this sentence he defined the horizon of Canadian nationalists. Later nationalists of the St Laurent era have been forced to change only one word, "American," putting into practice Pearson's directive to roll with the imperial punch.

(..)

## **QUEBEC: BI-NATIONAL NATIONALISM**

Quebec has always been threatened by the prospect of national politics. At a bare minimum a nationalist programme had to guarantee French Canada, not merely its inherent language and religious rights, but something more substantive: a political structure and a cultural-economic future of survival in a two-nation state. The eastern bourgeoisie never subscribed to the idea of an equal Quebec. In their eyes the very proposal negated the *raison d'être* of an English-controlled federal state. There was one Ottawa, not two as Quebec required as the only adequate guarantee of its political rights. Without unqualified recognition of its equal status, national politics would play up Quebec's minority status in a majoritarian political system. A nationalism which told Quebec that it was simply one of many (*ten provinces --Ed.*) strengthened the French-Canadian belief that Confederation was to be equated with the term, "the Second Conquest." Its experience with the realities of federal politics taught the lesson that constitutional guarantees were no protection against the influence wielded by flag-waving Orange legions and Tory men of empire. **The confrontation over the public schools question (in Manitoba --Ed.), the scandalous Riel affair, and the two instances of national conscription left no doubt in the mind of French Canada that the national interest of Quebec would always be subordinate to the one-nation interest of English Canada. These**

**events supplied the evidence that, if two peoples had created Canada, only one of those peoples was being served by its political direction.**

It is no surprise in these circumstances that even the most reactionary excesses of survival practised by the church and by Duplessis had the support of many in Quebec. Their man of the iron cross stood between them and engulfment. French Canadians were somewhat justified in claiming that Duplessis' policies were no worse than the Anglo-Saxon racism which called French Canada "the cockroach in the kitchen of Canada"<sup>6</sup> and which federal politicians used to win votes in Ontario and the West.

The nationalist offering vis-a-vis Quebec was tantamount to treating French Canada as a hostage. This attitude on the part of the bourgeoisie has always been grounded in the political fear that the need for French-English co-existence (as they understood it) might one day end. It was the eventuality of an ascendant Quebec, more popularly known as "Québec libre," which gave purpose to the efforts of French-Canadian federalists, Ottawa nationalists, religious interests, and English industrialists to secure Quebec by opposing and isolating its national consciousness as a nation in and for itself. By isolating Quebec with threats and promises, the bourgeoisie created -- so it seemed to them -- an unassailable situation. In part, that is why Liberals in the time of Laurier and King, with the assistance of a vendu ("sold-out" --Ed.) class from French Canada, seized upon the opportunity of selling the lie to Quebec that, by confining itself to a ghetto within its borders and in the Liberal party, its political future was assured.<sup>7</sup>

The national self-destructiveness of this act gave the Liberal party power in Parliament, the myth of national unity, and a nationalist following deriving its support from the mutual religious fears and racial suspicions of the English- and French-Canadian masses.\* The tactic of separating Quebec politically from the rest of Canada, which the Liberal party achieved, ended the possibility of an authentic French-English state.

\*It is standard fare for every Liberal and Conservative government to condemn strenuously rightist nationalist appeals and to dissociate their nationalism from them. Indeed, the professional historians who record the innumerable crises of national leaders give us example upon example of every Liberal prime minister who in the nick of time has averted national calamity by turning back the evils of a scarring nationalism.

(...)

#### THE WEST: NATIONAL REGIONALISM

The West has had reasons to fear eastern nationalism. It paid for the cost of industrialization in Ontario out of the huge surpluses it sent east.<sup>8</sup> Little time elapsed before it discovered that it was not regarded as an equal profit-sharing partner in the plans of eastern capitalism. As the branch plant of a distant metropolis, it was charged more for all basic necessities and received proportionately the minimum for its agricultural efforts. The national economic policies of the Liberal and Conservative parties relieved neither its indebtedness to eastern capital nor its enforced dependency on federal whim. In an attempt to break away from its precast role as the hinterland of the Canadian economy, it revolted against the monetary grip of the banks, the corrupt practices of the railways, and the restrictions of the tariff. The combination of populism, agricultural collectivism, and anti-capitalism created third-party politics (*i.e., post-WWI, on the left, the CCF in B.C. and Saskatchewan, and on the right, Social Credit in Alberta -- Web Ed.*)

**In the 1920s the revolt of the West was a great event in Canadian history. Having its roots in three decades of resentment, it challenged the monopoly practices of an unrepresentative, corrupt, two-party system. The national regionalism of the CCF radicals created an alternative to the colonial policies of Ottawa.** Its strength lay initially in its political character. It was a mass movement committed to democratizing radically the class structure of a capitalist society. By itself populism could and did threaten the finance-nationalism of the centre, but it could not and did not seize power nationally. The West, in choosing the parliamentary road, redefined its politics and adopted a strategy which the East understood better and was more skilful at -- coalition politics (*here the author misleads himself and his readers: 'coalition politics' was NOT what the CCF was about -- rather independent 'farmer-labor' politics; while the petit-bourgeois Social Credit displaced the old-line parties, never entering into coalition with them -- Web Ed.*).

(...)

## CLASS AND NATIONALISM

The defeat of the West and the retreat of Quebec played a decisive role in the nationalist ambitions of the bourgeoisie. As long as both these "nationalisms" were contained, the only other force which could and did oppose the internal and external policies of the bourgeoisie was the Canadian working class.

(...)

(...) Since 1945 the leadership of the Canadian trade unions has indicated the totality of its commitment to liberal ideas by promoting an American political consciousness for Canadian workers: opposition to Canadian unions for Canadian workers. The continentalization of the Canadian trade union movement gave the bourgeoisie a clear field politically. Labour did not contest the direction of bourgeois nationalism, and after the 1950s, represented by the Canadian Labour Congress, it was neither nationalist nor anti-capitalist. It openly supported the economic policy of the bourgeoisie in defending the capital interests of American business. This policy was an integral part of the metropolitan programme of the "internationals" -- acceptance of American capitalism at home and protection of America's imperial presence abroad.\*

\*The breaking of the Canadian Seamen's Union strike, 1947-48, by an alliance of the federal government, social democratic trade union leadership, and Washington illustrates how far to the right the Canadian trade union movement had traveled.

Nationalism is both an instrument of class rule and an integral part of the class consciousness of the Canadian working people. Even bourgeois nationalism opens the door to class consciousness. The Canadian bourgeoisie could not control nationalism as a political force, because nationalism is by definition a political programme which creates a mass movement. An economic nationalism which mobilizes workers, farmers, students, and intellectuals is taken over by these groups to advance class demands against the ruling class and against the foreign exploitation of the country's economy. This "class" nationalism opposes the national philosophy of the bourgeoisie. Significantly, Canadian labour failed to link its class demands to the national question. Its analysis passed over the most salient feature of Canadian capitalism, that without imperial investments and the support of the British and American bourgeoisie, national capitalism in Canada would not survive. In terms of strategy labour did not understand capitalism and

imperialism as inseparable realities any more than they recognized that an anti-imperialist movement is a precondition to building a socialist Canada.

## AN ANTI-IMPERIALIST NATIONALISM

The bourgeoisie are well versed as to their situation. The strategy of keeping Canada together by keeping it apart is rooted in the liberal reality of power that accepts imperialism as the bread-and-butter of its politics. Nationalism and the national consciousness are extensions of the liberal order of things, recording the mirror images of how the bourgeoisie have been able to govern Canada. For them there is no contradiction between imperial demands and national survival. Their national programmes reflect a simple design -- making Canadian resources cheap and accessible to British and American capitalists. This eagerness to please and profit has an historical explanation. The survival and prosperity of this class depends on using the nation for its own advancement in the capitalist world. But the Canadian bourgeoisie have never sat at the high table as an industrial bourgeoisie in their own right. A colonial bourgeoisie gains admittance to the club for its weakness, not its strength. **It reveals itself, according to Fanon, "as incapable of giving birth to an authentic bourgeois society with all the economic and industrial consequences which this entails. From the beginning the national bourgeoisie directs its efforts towards activities of the intermediary type. The basis of its strength is found in its aptitude for trade and small business enterprises, and in securing commissions. It is not its money that works, but its business acumen. It does not go in for investments and it cannot achieve that accumulation of capital necessary to the birth and blossoming of an authentic bourgeoisie."**<sup>13</sup> The bourgeoisie does not ask for protection; it is protected by the metropolitan authority. Arm and arm with the real power, it plays the part which has been assigned to it. Fanon writes, "They guess that the present situation will not last indefinitely but they intend to make the most of it. Such exploitation and such contempt for the state, however, inevitably gives rise to discontent among the mass of the people."<sup>14</sup>

**The bourgeoisie accept the responsibility for legitimizing the political and economic costs of imperialism as their part of the arrangement. They pacify the people and defuse the internal situation, so that each year the economic surplus produced by the people will be shipped to the imperial centre without interruption. The reliability and ultimate status of the (*more and more 'comprador'* -- Ed.) bourgeoisie hinges on their performing this critical function.**

**For the past one hundred years Canada has acted as the safety-deposit box for British and American investments. One can only describe Canada as the hidden colony of two empires, quietly absorbing huge amounts of capital -- investments which paid enormous dividends to both imperialist powers. In 1914 Canada accounted for 23 per cent of all us direct investment; in 1964 it totaled 31 per cent. By 1969 the American "trust" in Canada (both direct and portfolio) had jumped to over \$20 billion. "Foreigners hold more than half the total assets of our 400 largest corporations. Non-residents, at last report, control 97 per cent of our automobile industry, 97 per cent of rubber, 78 per cent of chemicals, and 77 per cent of electrical apparatus. The mining and smelting industry is 59 per cent foreign-controlled; the petroleum and natural gas industry 74 per cent. Outside interests control at least 60 per cent of manufacturing."**<sup>15</sup>-See STAR, Oct. 17, 1969, or pp.24-25 of this volume).

**In protecting the massive inflows of American funds, the Canadian bourgeoisie realized their historic mission as an intermediary. As a consequence the governing bourgeoisie are content with a national consciousness of a people without their own history and who have refused to use the available historical forces to create a national economy and a national culture. Owing their primary commitment to foreign benefactors, they put the needs of capital before the needs of the Canadian people. Their anti-national behaviour is a "desirable and necessary" condition of their well-being as a class. The Canadian semi-sovereign state originated with the class policies of a bourgeoisie incapable of independent thought and independent action. The national bourgeoisie "follows the Western bourgeoisie along its path of negation and decadence without ever having emulated it in its first stages of exploration and invention ... We need not think that it is jumping ahead; it is in fact beginning at the end. It is already senile before it has come to know the petulance, the fearlessness or the will to succeed of youth."\*** (\*Fanon, *The Wretched of the Earth*, pp.124-5)

**There is no mystery about the behaviour of the bourgeoisie in Canada. They are opposed to a political economy of independence. For them, the nation-state is an obstacle to the complete absorption of Canada into the North American empire. For Canadian liberals national sovereignty is an irrelevant and obsolete concept.\* In order to promote and protect imperialism it has been necessary to dismantle the cultural and political institutions of Canada. With dependency comes disintegration.**

\*St Laurent, Pearson, and Trudeau speak only about the evils of nationalism. All three are obsessed with internationalism, believing that if all states turned internationalist, the majority of the world's problems would disappear. When these men speak of internationalism, their remarks are prefaced with the unspoken adjectival phrase, "American Cold War internationalism." If Canada's example is to be followed, one would expect the Canadian government to call upon such "narrowly nationalist" countries such as North Vietnam and the Provisional Revolutionary Government of South Vietnam to abandon their struggle for independence and accept the "good neighbour" policy of the United States in Asia! To the extent that Canada has a foreign policy, it is to hand out the pathetic advice, "Be like us, follow the imperial leader."

**Bourgeois nationalism is a spent force in Canada. The Canadian people are indifferent to it and the bourgeoisie themselves have no faith in it. What remains powerful and alive in the national consciousness is the force of sentimental nationalism (more precisely, of Canadian nationalist sentiment, a nationalism without adequate political expression -- Web Ed.) It expresses the discontent and the general anxiety of the Canadian people with their future of living in an advanced capitalist and ['advanced colonial state'] (an oxymoron which does not analyze social realities in Canada --Web Ed.)**

(...)

**Sentimental nationalism is not a revolutionary force, because it does not isolate and crystallize the economic contradictions of capitalism. But it does create the conditions out of which will evolve a revolutionary nationalism -- namely, anti-imperialism, which provides the only alternative to the policies of the Canadian bourgeoisie. An anti-imperialist struggle is the only way to break through the tight circle of Canadian history. Anti-imperialism, anti-capitalism and Canadian independence are an inseparable unity (but also no more than an intellectual construct without a program based on class realities and a disciplined movement able to initiate a plan of concrete action -- Web Ed.)**

**Analysis leads to strategy. Ideas require testing in practice. The central political issues facing the people of Canada are the historic role of the bourgeoisie in selling the country out and the Americanization of all aspects of Canadian life. These problems must be investigated and discussed throughout Canadian society: by trade union members in their locals, by students in universities, by public employees in government, by individuals in cultural institutions, and by sympathetic businessmen. There should be people's committees to investigate, document, then fight American imperialism in Canada (fine sentiments but no practical politics -- not even mention of the Waffle phenomenon, or the dynamic of Canada's labor party in which it briefly flourished, or of the NDP itself-- Web Ed.)**

#### NOTES

- 1 *The Fur Trade in Canada* (rev. ed., Toronto, 1956); *Essays in Canadian Economic History*, collected and published posthumously, M. Q. Innis, ed. (Toronto, 1956). I have analysed this key aspect of Innis' thought in "Harold Innis: Canadian Nationalist," *Journal of Canadian Studies*, May 1969.
- 2 *The Empire of the St. Lawrence* (Toronto, 1956).
- 3 *The North American Assault on the Canadian Forest* (Toronto, 1938).
- 4 (Toronto, 1965).
- 5 See Donald Creighton, *John A. Macdonald: The Old Chieftain* (Toronto, 1955), chap. in, "Fish and Diplomacy." J. W. Dafoe in *Laurier: A Study in Canadian Politics* (paperback ed., Toronto, 1963), chap. III demonstrates Laurier's commitment to an imperial market. The Abbott plan of 1947 is basically an imperial scheme and a continuation of the national-imperial policy of Macdonald.
- 6 H. S. Ferns and B. Ostry, *The Age of Mackenzie King* (London, 1955) p. 239.
- 7 See Pierre Elliott Trudeau, "Some Obstacles to Democracy in Quebec," *Canadian Journal of Economics and Political Science*, August 1958; Roger Graham, *Arthur Meighen*, I (Toronto, 1960); and J. W. Pickers-gill, *The Mackenzie King Record*, I, 1939-44 (Toronto, 1960). The latter two books record incidents in which the Liberal party used racist appeals to win votes in Quebec and then turned its racism to double advantage outside Quebec by campaigning against Quebec on the same issue.
- 8 This point is frequently overlooked because political historians do not avail themselves of all sources of evidence, particularly the writing of Canadian political economists. See H. A. Innis, *A History of the Canadian Pacific Railway* (London, 1923), and G. Myers, *History of Canadian Wealth* (Chicago, 1914); as examples of classics that have been overlooked. Another more recent example is H. C. Pentland's study of the Canadian political economy as it relates to labour, "Labor and the Development of Industrial Capitalism," an unpublished Toronto Phd thesis. It is a brilliant examination of the creation of the Canadian proletariat.
- 9 Pentland, "Labor and the Development of Industrial Capitalism," p. 409.
- 10 Ferns and Ostry, *The Age of Mackenzie King*, p. 65. Italics added.
- 11 See Tim Buck, *Our Fight for Canada: Selected Writings, 1923-1959* (Toronto, 1959), esp. chaps. 1 and 2, "The Idea of Labour and Democratic Unity" and "The People against the Monopolies." See also Gad Horowitz, *Canadian Labour in Politics* (Toronto, 1968).
- 12 It is perplexing in reading Harold Innis' writings in the 1930s and 1940s on the political economy of Canada and on the theme of American imperialism in this country to realize that his work went apparently unnoticed by the Canadian left. See his *Essays in Canadian Economic History*, particularly, "Economic Trends in Canadian-American Relations" (1938), "Recent Developments in the Canadian Economy" (1941), and "The Canadian Mining Industry" (1941).
- 13 F. Fanon, "Pitfalls of National Consciousness," in *The Wretched of the Earth* (New York, 1965), p. 144.

14 *Ibid.*, p. 140.

15 *Toronto Daily Star*; Oct. 17, 1969. A historical perspective on US foreign investment is given in the tables below: (*see pp. 24 & 25 -- 1971 Edition*)

(..)

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **Foreign Ownership and Political Decay**

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*(All emphasis by the Web Ed.)*

**Survival has been an historical obsession in Canada -- although concern has shifted from sheer physical survival to one of halting the cultural and economic absorption of Canada into the United States. Canada has become so deeply penetrated by the American metropolis, so dependent upon it -- economically, militarily, culturally, and psychologically -- that we are overcome by our own sense of powerlessness. The possibility of independence appears doubtful, and the cost of it stupendous.**

The question of foreign ownership in Canada has received much attention in the past decade. Economists, politicians, editors, royal commissions, and task forces have at various times, and with varying degrees of sophistication, addressed themselves to the subject. Their goals and assumptions, usually unstated, often differ, however, and their discussions have led more to obfuscation than to clarification. Consequently the issues have become blurred and even incomprehensible. What we need is a new National Policy, a coherent strategy for independence. We do not have that today. Indeed we have yet to develop either the analysis or the essential political alliance that can effectively lead a movement for national independence.

The purpose of this essay<sup>1</sup> is to survey some of the leading positions in the debate on foreign ownership and compare their underlying assumptions, to clarify the main terms of the debate, and to provide a framework for further discussion.

**When we talk about Canada and the American empire, we should keep in mind a fact of central importance: that Canada is a small regional economy within the metropolitan economy of the United States of America. We have always been the hinterland of some imperial system. Our evolution from the British system towards the American system began with the American Revolution but was not completed until the early decades of the twentieth century. The dynamic element in the Canadian economy is not domestic but export activity. The rate of growth, the pattern of growth, and the location of growth within the Canadian economy have always been determined by the export of a small number of staple products. The shape of the Canadian economy has depended successively upon fish, fur, timber, wheat, pulp and paper, and metals. Each has its own peculiarities in terms of the population and the kinds of communities that it can support, in its technological and capital requirements, in its regional implications, and in the satellite industries that it can generate. Each, in turn, has been the growth point of the Canadian economy. Economic activity geared to the domestic market has been largely derivative, complementing the staple sectors by processing their raw**

**materials, supplying their buildings, parts, and machinery, and producing the goods and services consumed by their work force.** Today, for example, between one-quarter and one-third of the goods produced in Canada are exported to the United States. These are mostly resource-based products -- pulp and paper, nickel, iron ore, lead, zinc, and the like. Canadian jobs, profits, and prosperity in general are heavily dependent on the growth of US markets for these products. It is well known that Canada has never prospered in the face of a depression in the US economy, has never been able to stabilize its prices in the face of American inflation, and has never been able to eliminate unemployment in the face of a downturn in the US economy.

**The primary economic role of Canada is to supply staple commodities as substitutes for the increasingly depleted resources of the United States.** In the 1930s the United States was virtually self-sufficient in iron ore. Currently, about one-quarter of her supplies must be imported from abroad. She was virtually self-sufficient in lead. Now over half of her lead supplies are imported from abroad. The same trend has been evident for many other critical metals.<sup>2</sup>

**Canada is a very valuable part of the American empire. Most of the untapped resources in the world are located in backward, non-industrialized, politically unstable, and usually hostile countries. Canada is one of the few countries which has a great frontier of untapped resources and is at the same time highly industrialized, with a stable government friendly to the United States. The financial burden of maintaining access to strategic new materials, in terms of economic and military aid, is very slight. The possibility of these resources being cut off is slim; moreover, Canada offers a northward extension of the us market for manufactured goods which is served largely by the Canadian subsidiaries of the us multinational corporations. In general, American corporate ownership of Canadian resources guarantees, perpetuates, and strengthens a hinterland economy: our resource industry is developed by giant us companies to supply American industry with raw materials; our manufacturing industry is developed by them to supply the limited Canadian domestic market. The so-called "staples theory," which is commonly used to explain economic growth in Canada, is really a pseudonym for a special kind of imperial relationship.**

To get a proper perspective of Canada's relationship to the United States, we should bear in mind that capitalism is an international rather than a national system; that at the centre of this international system is the United States, just as England, France, and Holland were in earlier periods. The entire capitalist world -- including the West European countries, their colonies, and their spheres of influence -- is profoundly influenced by the movements of the American economy. **What distinguishes Canada (and Latin America) within this international system is the extent to which we have become tied to the American metropolis.**

**Trade ties and US ownership of Canadian industry are the main links which integrate the two nations within one continental economy. They complement and reinforce each other. There is a temptation to debate the primacy of trade ties or foreign ownership in the continentalizing of the Canadian economy. But the distinction is futile, for trade and foreign ownership are ineluctably tied together.** Data compiled for 266 of the larger foreign-owned companies in 1964 and 1965 indicate that these firms alone account for about one-third of both Canadian exports and imports. If all subsidiaries and foreign affiliates were included, the proportion would be even greater. A study comparing the import

propensities of non-resident-owned firms and resident-owned firms has shown that foreign-owned firms are more import-oriented, less inclined to use local suppliers.<sup>3</sup> Moreover, 70 per cent of all purchases are from parent companies (about 50 per cent of all sales of subsidiaries are to parent companies). A US Department of Commerce Survey (1963) reported that in 1957 close to a quarter of all US export of machinery and parts was sold to subsidiaries and that three-quarters of the machinery and parts imported by all US affiliates were produced in the United States. **These statistics demonstrate irrefutably that the setting up of American branch plants and subsidiaries in Canada greatly strengthens trade ties between the two countries. About two-thirds of subsidiary exports go to the United States and about three-quarters of subsidiary imports come from the United States.<sup>4</sup> Much of the trade is inter-company and not subject to market forces. Devaluation of the Canadian dollar in the early 1960s, for example, did not affect these imports. They actually increased by 17 per cent in 1963, whereas total Canadian imports rose by only 7 per cent.**

There is, undoubtedly, economic justification for some of this intra-company trade. It would have occurred irrespective of ownership ties. Yet, there is some evidence that a portion of this trade, while it no doubt adds to the profitability of the multinational corporation, results in higher production costs for the Canadian subsidiary than otherwise might exist. **Not long ago, when he was a cabinet minister in the Quebec government, Eric Kierans argued persuasively that Canada, as a major industrial nation, could produce economically thousands of items imported automatically from parent US companies by their subsidiaries.<sup>5</sup> He cited as evidence a major effort by Northern Electric to "buy Canadian." This company succeeded in transferring to Canada the manufacturing of nearly twelve thousand parts and components manufactured principally in the United States. The resulting saving in foreign exchange was \$12 million US dollars. The shift generated new jobs for seventeen hundred Canadians, and it evidently produced important savings in costs for the company. If branch plants had the freedom to choose the lowest-cost suppliers, there is little doubt that they would more often opt for Canadian or non-American foreign supplies. This would be more profitable for them and, more to the point, would cut down our heavy dependence on US imports. But, because their primary responsibility is to contribute to the profit maximization of the global corporation rather than their own, they can rationally purchase cost-increasing supplies from the parent.**

It may not appear clear why a practice which reduces the profits of subsidiaries can nevertheless contribute more than off-setting increases of profits to the parent company. It might be explained in this way. Most giant manufacturing corporations earn no profits at all over much of their output. Before they earn any profits, they must produce beyond a certain level of output, usually referred to as "the break-even point." This is because of the large overhead capital which yields high per unit costs for low levels of output. For example, a study of US Steel Company shows that the break-even point is 40 per cent of capacity. At 100 per cent of productive capacity the rate of profit is 13 per cent. But it is the last 15 per cent of the corporation's output that accounts for 35 per cent of its profits. Since exports by the typical giant American corporation account for anywhere between 5 and 20 per cent of its total output, these can be of crucial importance for the overall profitability of the corporation. We know, then, that exports to foreign subsidiaries account for a disproportionate share of the profits of parent corporations. Any resulting increased production costs and correspondingly reduced subsidiary profits is a small price to pay for the major contribution subsidiaries make as markets for output which cannot be absorbed by the US domestic market at prevailing prices. **In a special report on the multinational corporation Business Week magazine has been quite explicit on this relationship: "The goal in the multinational corporation is**

**the greatest good for the whole unit, even if the interests of a single part of the unit must suffer. One large manufacturer, for example, penalizes some of its overseas subsidiaries for the good of the total corporation by forcing them to pay more than necessary for parts they import from the parent and from other subsidiaries.<sup>16</sup>**

A manufacturing subsidiary could lose money and still make a net contribution to the parent company's income -- by the profit on purchases of raw material, parts, and finished products from the parent, by payment of royalties and fees from management, marketing and research services. **Hearings before the US Senate Committee on Ways and Means in 1961 demonstrated that the major purpose of many subsidiaries is not to make a large profit themselves, but to contribute to the profit maximization of the parent firm by providing an automatic export market for equipment, materials, and parts.**

**The point here, and it is an essential point, is that a significant proportion of Canada's imports from the United States can be explained by the predominance of the American corporations in Canada. This is even more obviously true with regard to exports to the United States. Separation of the trade links which bind the two economies from the corporate links is therefore entirely illegitimate. It is no accident that the new trade relationship between Canada and the Communist countries -- especially the Soviet Union (*Russia 1917-1989 --Ed.*) and China -- all occur in agriculture, one of the few major goods-producing sectors of the Canadian economy which remain under Canadian ownership! (*Without, however, any longer control over its marketing agency, the Wheat Board - Web Ed.*)**

Enough has been said about the structure of Canada's role in the continental economy to allow us to survey the major responses to it. Given the close trade and capital links which now bind together the economies of Canada and the United States and given Canada's regional role within the continental structure, its destiny, national growth, and prosperity are obviously tied to the general movement of the US economy.

**Grievances inevitably occur when the narrow interests of the hinterland clash with specific policies of the metropolis. And political debate on Canadian-American relations has turned largely on the discovery of the most effective response to these grievances: for example, the Mercantile Bank issue of 1967; the US government guidelines of 1966 (made compulsory some months later), which required American subsidiaries to remit a higher portion of their profits to the United States, to finance their investment more fully out of funds raised on the Canadian money market, and to purchase a larger share of their products and equipment from the United States; the refusal of American-owned drug companies in Canada to sell medical supplies to the Society of Friends for distribution among Vietnamese civilians; the refusal of American-owned flour mill companies to export flour to Cuba (1966); the celebrated Ford of Canada case of the 1950s; and the *Time-Reader's Digest* case of the 1960s. A recurrent grievance is the refusal of parent American companies to permit Canadian investors to acquire shares in their Canadian subsidiaries.**

The necessity of continentalism, of Canada's regional role within a continental economic structure, is never doubted, and therefore the question of its desirability is seldom raised. For those who are at all concerned with the problem, the issue is rather how to solve these grievances within the continentalist framework.

Among the Canadian corporate and political elite and their intellectual cohorts appear two schools of thought. One might be termed "passivist," the other "activist." Both schools accept the need for continentalism. Neither envisions Canada as being anything but a regional economy within the continental

North American economy. And both agree that the multinational corporation is here to stay, and that it is an agency for economic progress. The activists, among whom the leading figure has been Walter Gordon, complain loudly about the economic problems which emerge between Canada and the United States. They understand that the grievances are mere symptoms -- that they reflect the inevitable conflicts which develop between any region and its centre or metropolis. The activists may have different approaches, but essentially they advocate policies to strengthen Canada's bargaining position within the continental system - - to win for Canadians a greater share of the continental pie. The federal government should play a more vigorous role in protecting Canadian interests within the system, and Canadian capital should play a greater role in continental industry. Eric Kierans, another activist, has suggested that Ottawa get from the nine hundred largest US subsidiaries in Canada "detailed analyses" of their imports and prices paid. Once Canadian firms know what companies are importing for their manufacturing processes, and at what prices, they will be in a better position to take advantage of profitable investment opportunities. Kierans has argued also that Canadian economic policy should encourage mergers among Canadian businesses so as to strengthen Canadian capital vis-a-vis US capital. Walter Gordon advocated restricting the sale of Canadian companies to foreigners through a system of financial penalties and the establishment of the Canada Development Corporation that would buy up Canadian firms which would otherwise be sold to Americans, and he put into legislation his programme of providing incentives for American parent companies to permit Canadians to buy shares in their subsidiaries. The *Toronto Star*, the only daily newspaper which supports the activists' position, advocates legislation which would require that all new companies in the resource-field have at least 50 per cent Canadian ownership, and that within ten to fifteen years existing foreign-owned enterprises in the resource-field be required to share ownership with Canadians, to the extent of 50 per cent as a minimum.

The passivists fear these proposals. They downgrade economic difficulties with the United States. For the Pierre Elliot Trudeau, Jean-Luc Pepins, and E. P. Taylors, they are "misunderstandings" due to "a breakdown of communication." They argue, in effect, that the marginal gains to be made by tinkering with the continentalist mechanism will be more than offset by retaliatory measures by the Americans, or simply by the hostile environment that it will create. They support laissez-faire within the continentalist system -- as against the activists who support state intervention to boost Canada's relative position inside it.

**The lack of support for the activist position within the ruling circles of Canada is not surprising. Canadian business is thoroughly integrated within the continental economic structure: Canadian-owned corporations often have their own subsidiary companies in the United States; for many, sales and profits depend heavily on continued access to the American market; members of Canada's business elite sit on the boards of directors of US affiliated companies, just as representatives of the American business elite sit on the boards of giant Canadian-owned companies. There is a virtual identity of interests between the Canadian business elite and the American corporate presence in Canada. Their profits and prestige cannot be separated from the economic ties that bind the two countries, and they will not have the Walter Gordons jeopardizing their position. Canadian industry was genuinely worried that Gordon's exploits would scare away American capital, anger the American State Department, and, incidentally, bring more government control into the Canadian economy. His political demise was no doubt a product of its concern.**

Before his departure, Walter Gordon, as president of the Privy Council, left behind the report of the task force on *Foreign Ownership and the Structure of Canadian Industry*. **This task force, headed by economist Melville Watkins, is an important document in the continuing debate on this subject and deserves separate treatment.** Its underlying assumptions are easy to list: foreign investment is essential to Canadian economic development; multinational corporations, the main agency for transmitting foreign investment, are here to stay; these corporations yield both benefits and costs in terms of Canadian economic development and political independence; the policy of government must be to minimize the costs and maximize the benefits.<sup>(7)</sup> The entire analysis occurs within the confines of the liberal private enterprise economy with a conventional fiscal-monetary role posited for government. The decision not to venture beyond the boundaries of the existing institutional framework explains the decidedly narrow approach to foreign ownership adopted by the task force. The authors of the report, mostly academic economists, bring to their assignment the usual textbook definitions of modern economics: "rational" means those policies designed to maximize the total value of marketable goods and services. They are not interested in what kind of commodities are produced, because this would raise questions about the sovereignty of property and the entire process by which tastes are moulded. **Government policies aimed at reclaiming effective Canadian political sovereignty are sanctioned by the task force, but only if they do not interfere with existing property relations. If the recommendations of the task force seem feeble, the underlying explanation lies in its refusal to seek solutions beyond the bounds of the established business framework.**

The task force report breaks no new ground. Hurriedly put together, its major purpose seems to have been to bring together current information about the multinational corporation and to place these data within the "conventional wisdom" of modern economics. The policy recommendations follow logically from the assumptions. **Facts relevant to the multinational corporation but irrelevant to the frame of reference of the task force are mentioned casually and hurriedly by-passed.** These include, among others, the role of the multinational corporation in the American military-industrial complex and the inevitable link it provides in attaching Canada to the global exploits of the American system; also, the entire set of values, tastes, fashions, attitudes, approaches, and organizational patterns which are imported along with the American corporation. Within the static assumptions of the task force, these facts are interesting and therefore worth mentioning, but they are essentially outside the realm of policy considerations. Because they are not central to the analysis they are overlooked, and the analysis is therefore conventional and superficial.

The economist, Thorstein Veblen, once invoked his colleagues to make of economics an evolutionary science -- meaning to abandon the mechanical approach of neo-classical economics and to begin to examine the assumptions that lie behind economic institutions, and to trace their historical development. Economists, by and large, have ignored this plea. **Certainly the task force report on foreign ownership is devoid of history. It avoids asking the questions which its policies depend upon: what has happened to Canada's capitalist class as American multinational corporations have taken over the commanding heights of the economy? How and why has this development occurred? Is there a business class today with distinctly Canadian interests? The report clearly assumes that there is, and its conclusions rest**

**on this unproven proposition.**

The report devotes most of its pages to cataloguing the costs and benefits of foreign ownership. The multinational corporation gives us not only American capital but also American technology, "know-how," and entrepreneurship. On the other hand, easy access to American technology and entrepreneurship discourages the development of indigenous supplies of these critical factors. **The multinational corporation gives Canada a ready market in the United States for raw materials and parts. On the other hand, it restricts most subsidiary manufacturing to the small domestic Canadian market.**

The economic performance of subsidiaries in terms of exports, costs, research, and innovation is neither much better nor much worse than that of Canadian-owned firms. But it does fall far short of the performance of the parent American company. This is attributed to the generally unhealthy economic environment in Canada.<sup>1</sup> The task force agrees that instead of upgrading the quality of economic performance in Canada, subsidiary firms conform to the general mediocrity of Canadian enterprise. The strategy recommended is one that has become familiar through the writings of Harry Johnson, and through the American-Canadian Committee: enforced rationalization of Canadian industry through a drastic reduction of tariffs. This would eliminate inefficient enterprise, merge Canada and the United States into one market, and dissolve the so-called miniature replica effect of the branch-plant economy. Instead of producing every American model and every American design for the small Canadian market and suffering from the consequent high per unit costs of short runs, the Canadian branch plants would be allotted a few models to be produced for the entire continent. (*Only realizable as the project for a 'socialist North America' in the view of veteran Marxists -- Web Ed.*)

The task force thus comes out clearly for increased continentalization of the Canadian economy. **It is important to emphasize that most of its recommendations are meant for a continentalist economy and seek only to maximize the rewards that can be gained from an integrated North American economic structure. Unlike other freetraders, however, the task force does recognize that in the majority of cases industrial rationalization would benefit the multinational corporations, since they are in the best position to rationalize their operations.** Smaller Canadian firms would be less able to make the required adjustment in capital, equipment, and markets, and would in many instances be absorbed by their American counterparts. The task force sees a role for the long-talked-about Canada Development Corporation here. Via loans and equity participation, it could help, retain a Canadian presence in the industries affected.

The task force takes up one other Walter Gordon hobby-horse: increased Canadian representation on the board of directors of the multinational corporation, and more widespread participation of Canadian investors in shareholding of us subsidiaries. (It is well known that many of the largest affiliated companies are wholly owned by the parent company and there is, therefore, no way that investors can participate directly in the branch plant.) No economic reasoning is offered by the task force to justify its recommendations. What evidence is produced on the subject indicates that greater Canadian representation on the board of directors and greater Canadian participation in shareholding makes no difference whatever to the performance of the multinational corporation in Canada.\*

\*Canada's businessmen clearly "want in" on the high-growth industries represented by the multinational corporations, and the authors of the task force report may have felt that indulging them on this score would improve the salability [*'sale-ability'* --Ed.] of other aspects of the report to the business community.

**The one innovation of the task force report is its coining of the term "extraterritoriality," a term which brings together the various instruments of US political intrusion in Canada. The report defines extraterritoriality as "the subjection of residents of one country to the laws and policies of another country," and declares that "the direct investment subsidiary, being resident in one country and owned and controlled by residents of another, becomes a vehicle through which extraterritoriality can be exercised ... and the capacity of [the host country] to effect decisions, i.e. its political independence, is [thereby] directly reduced."<sup>8</sup>**

American political intrusion is certainly no new experience for Canada. But it is useful to have its modern version so neatly catalogued. Again, however, the report fails to place this dimension of American-Canadian relations into proper perspective. Canada may not agree with every aspect of the American world view; Canada may not approve of every manifestation of American foreign policy; Canada's economic interest does not always coincide with every new measure emanating from Washington; and Canadian economic groups are understandably unhappy about sacrificing their own short-term gains in order to support some aspect of American foreign policy. Nevertheless, it is important to recognize that political leaders in Canada, and the ruling business circles of this country, do accept the basic premise of the American world view. If anything, they feel grateful to the United States for "protecting us from the *evils* of international communism." They accept, by and large, the assumption of the cold war and the necessity for American hegemony over the western world (and as much of the eastern world as is necessary). They may grumble about losing this market or that market, and they may occasionally feel indignant that Canada's balance of payments is being tinkered with in order to support American military policies in Asia. But they are not prepared to challenge America's right to effectively control the direction of the Canadian economy if this is necessary to "save free enterprise from the onslaught of communist collectivism." For they feel that their own future rests very definitely with America's, and they fully accept what C. Wright Mills once called "the military definition of reality."<sup>9</sup> which has clearly come to dominate American thinking in the post- Second World War world.

It is not surprising, therefore, to find Canada's political and business leaders impatient with proposals to counter American political intrusion in Canada. The most interesting recommendation of the task force report, the establishment of a government export agency to force compliance with Canadian export law, was dismissed out of hand. It would openly challenge American hegemony over Canada, and initiate a clear-cut struggle over the question of Canadian political sovereignty. It would lead to continuous tensions, confrontations, and possible retaliations.

**The task force report failed to make an impact in Canada because it addressed itself to the business community and to the political leaders that represent this community and its interests. Effective political sovereignty and independence no longer seem an issue with the Canadian business establishment because it, as an entity, has largely disappeared. The Canadian business class seems to**

**have been submerged within North America, fully accepting the reality of American economic domination, and furthermore feeling no special urge to do anything about it.**

Since Keynes and the cold war discovered the cure for unemployment, economic growth has been elevated to a top policy objective. Economists, politicians, and businessmen are all persuaded of its virtues. With economic growth comes wealth; with wealth come choice and independence. The poor are restricted in their opportunities. Their efforts are monopolized by the need to produce the bare essentials of life. Their freedom is limited by their poverty. Wealth alone frees men from the bondage of necessity.

Put in the abstract, there can be no objection to this line of argument. But put in an institutional context, given historical specificity, its truth can indeed be questioned. And some economists, notably John Kenneth Galbraith and Edward Mishan, have now begun to question the meaning of economic growth in terms of such concepts as choice, freedom, and independence.

(...)

During the formative years of Canadian industrialization, we too received large amounts of capital from abroad. Some of it, that part which was imported from the United Kingdom, was also loan capital. But a growing proportion was equity capital, for during the last quarter of the nineteenth century and with quickened tempo after 1900, American corporations planted subsidiaries in both the resource and the manufacturing sectors of the Canadian economy. Now equity capital has a special quality: as the economy grows, it grows too. When foreign investment takes the form of loan capital, the "foreign sector" of the economy recedes as the economy grows. When foreign investment takes the form of equity capital, the "foreign sector" expands as the economy expands. It may well expand faster than the general economy since it is usually concentrated in the most dynamic, most profitable, branches of economic activity. Unlike loan capital, equity capital is not distant, passive, and self-liquidating. It is, on the contrary, present, active, and self-perpetuating.

Historical statistics on foreign investment can be misleading unless they are broken down and isolated. Through much of the nineteenth century, the United Kingdom was clearly dominant but most of the capital investment in Canada was loan capital. In 1913 the United Kingdom still had over three times as much foreign investment in Canada as had the United States. But total US investment was already beginning to catch up, and, what is more important, in equity (direct) investment she was by 1913 far ahead. In the fourteen years from 1900, American investment increased more than five times in value, and doubled again between 1914 and 1918. American branch plants established before 1900 (including such companies as Imperial Oil, International Nickel, Westinghouse) were expanding with the booming wheat economy, and American companies were opening up new subsidiaries at a record pace so as not to be excluded from this growing market. The large-scale liquidation of British investment during and after the First World War and the continued expansion of American equity investment ended British economic supremacy in Canada. American capital and American capitalism were clearly in control.

During the Second World War and its aftermath foreign investment in Canada had almost ceased. In fact, Canada was a net exporter of capital. Cut off from foreign capital and from the direction of foreign capitalists, new alliances emerged between the state and Canadian capitalists. An indigenous capitalism seemed to be reviving. The gigantic war effort was internally financed. Foreign control of the economy was dropping off in the case of mining and smelting from 47 per cent in 1930 to 40 per cent in 1948 and rising

in manufacturing from 36 per cent in 1930 to 43 per cent in 1948. But the removal of state controls and the readjustment of the world economy once again fully exposed the Canadian economy to the appetite of American capital, and the country easily fell into the old relationship. American control of Canadian manufacturing rose from 39 per cent in 1948 to 46 per cent in 1963; in mining and smelting it rose from 37 to 52 per cent. New American capital flooded into Canada, and together with the reinvestment of subsidiary profits accounted for the remarkable accumulation of foreign-owned capital assets in the post-war period. As late as 1950, half a century after active US investment had begun, total US direct investment amounted to only \$4 billion. Over the next fifteen years \$11 billion was added to American holdings.\*

\*Although US economic control of Canadian industry may have relaxed somewhat during the Second World War, very significant continental co-operation arose from the exigencies of the war itself. There was a proliferation of new US-Canadian governmental committees. Continental bureaucratic integration advanced to hitherto unprecedented lengths. No doubt this had something to do with the ease with which US corporate control resumed its growing dominance of the Canadian economy.

Defining "economic development" as the development of an indigenous entrepreneurial class and a consequent increasing degree of domestic control over the national economy, Canada thus appears to have stopped developing. As McGill's Kari Levitt has pointed out, the Canadian economy bears many characteristics of underdevelopment.<sup>10</sup> Between 1953 and 1965 Canadian trade as a percentage of that of industrial countries dropped from 9.6 to 7.2 per cent, and her terms of trade have deteriorated parallel to those of countries in the underdeveloped world. These trends can be accounted for by the fact that the composition of Canadian trade closely resembles that of underdeveloped countries. Exports are composed largely of raw materials or semi-processed materials (almost 75 per cent), while imports are mostly finished manufactured goods (almost 80 per cent). Exports remain heavily dependent on a few staples -- wheat, metallic ores such as iron, copper, and nickel, petroleum and natural gas -- or on partially processed goods such as woodpulp, newsprint, lumber, flour, and aluminum. About two-thirds of the exports of the typical West European country are composed of end-products. For Canada, the proportion is less than one-fifth. Most revealing, the share of consumer goods in total imports has actually risen over the past decade, as has the share of all manufactured goods, reversing a trend that has been operative since the mid-1920s. The importation of machinery and transport equipment - industries particularly indicative of the stage of economic development - has been increasing relative to other commodities since 1910.

The story of the growth of American capital in Canada has yet to be fully told. Contrary to its proponents, its effect has not been to expand Canadian independence but to set in motion the forces of national disintegration. It has choked off Canadian entrepreneurship and technological growth, bought off Canadian capital, and virtually destroyed Canada's once vigorous capitalist class.

(...)

Most of the American-owned companies in Canada were already established by the end of 1920. From the moment of their arrival, they increased their share of industrial output by absorbing Canadian-owned enterprises or by squeezing them out of the market. This is, of course, still happening today. Their easy capture of Canadian enterprise is to be explained in part by a generation gap. **By the time major industrial growth had begun in Canada, giant corporations had already formed in America, products of many decades of rapid industrialization in the United States; Canadian enterprises were still family concerns, not yet part of the corporate world.** They were typically small and, by comparison, financially

weak or technologically backward. They had neither market power nor government protection. Their absorption was the natural outcome of market forces. Where Canadian ownership persisted, it was usually in industries where "the monopoly leverage of patents, financial power, and exclusive access to markets [was] difficult to establish: examples are found in construction, some forms of merchandising and agriculture."<sup>13</sup> "In the early years of the twentieth century ... employers tended to be vociferous, even strident, in their objection to American influence ... By the 1920's however, Canadian nationalists had either been eliminated from the ranks of Canadian employers or had become clients of American penetration."<sup>14</sup>

Since all us subsidiaries and branch plants operate in oligopolistic market structures with high barriers to entry for new firms, the very considerable growth of Canadian industrial output has been accomplished largely through the internal growth of the American affiliates. Unlike the era of relatively small-scale enterprise, new products and new techniques are usually introduced by existing rather than new firms, and unexploited mineral deposits and timber lands are usually developed by established mining and pulp and paper companies. In short, given the early settlement of us affiliates in the Canadian market and given the nature of the market structures that developed, American enterprise in Canada has grown in size and importance along with the growth of the Canadian economy. There are few signs that this process is abating. As Kari Levitt has remarked, "dependence is addictive and the dynamics of dependence are cumulative."<sup>15</sup>

Canadian business is not highly regarded, even within the business community. It is regularly accused of being unwilling to take risks, lacking in entrepreneurship, and technologically backward. To a degree such criticisms may be valid. But to be fair, the multinational corporation has every advantage over an independent Canadian enterprise. It has much more technological experience and can acquire capital funds more cheaply. It is highly diversified, operating in many countries and producing many products. A new Canadian project is typically a small part of its global operation. The risk is objectively smaller for such a company than it is to an independent, less diversified, Canadian enterprise. Regarding resource industries, the multinational corporation has secured markets and secured prices. But, in general, temporary losses incurred by any subsidiary can be charged back to the parent company and can be offset easily by profit earned elsewhere. Moreover, the parent company is partly or wholly compensated by the automatic export sales that are generated through subsidiaries and by royalties, licence and management fees received by them.

It should be clear by now that it is the very presence of American enterprise in Canada that perpetuates the high degree of dependence on the United States. This is certainly true as regards capital. In the nineteenth century and the early part of the twentieth century, Canada was clearly not wealthy enough to finance great capital-intensive projects such as canals and railways. Heavy capital imports from abroad were needed, and they made a critical contribution to the economic development of this country. **Today only a small portion of investment is not financed out of savings generated in Canada. At the same time the volume of foreign investment continues to rise by increasing degrees and Canadian dependence on foreign investment is undiminished. This paradox is to be explained by the fact that a major fraction of savings generated in Canada is owned and controlled by us business. When a portion (about half) of these savings are reinvested in this country, it is termed "foreign investment."**

**The source of this foreign investment and the savings from which it derives are the profits earned in Canada by subsidiaries and branch plants. A very small proportion of foreign (US) investment in Canada actually involves the importation of foreign savings. The biggest proportion is financed from Canadian savings that are controlled by foreign corporations. In 1967, for example, 15 per cent of the increase in gross us investment in Canada was derived from capital imports from the United States. Almost three-quarters was financed from returned earnings and depreciation, and over one-tenth from other Canadian sources.**

Canada appears to be entering the third phase of a three-phase evolution within the life of a multinational corporation. Until the mid-1950s, we had been in phase one -- receiving more investment from the metropolitan branch of the multinational corporation than we contributed to it. The countries of Western Europe are in this phase today. Over the past decade we have been in an intermediate second phase where the subsidiaries and affiliates of multinational corporations sent to the parent companies about as much as they received from them. In the third phase, the flow of funds from subsidiaries and affiliates in the hinterland economy to the parent companies in the metropolis is greater than the counterflow. (The Latin American countries have long been in the third phase.) Between 1960 and 1967, Canadian subsidiaries and affiliates sent \$1 billion more to their parent companies in the form of profits (\$2 billion more if royalties, licence and management fees were included) than they received from them in the form of capital imports.

The theme of this essay has been that Canadian capitalism and Canadian capitalists, emergent through much of the nineteenth century, are now deeply submerged in American capitalism. This can be illustrated in still other ways.

Almost every Canadian favours the principle of greater Canadian control of the economy. But whenever measures are hinted at which may harm the narrow interests of particular financial groups, immense pressure is exerted to halt their implementation. Shareholders in Canadian companies have come to regard the prospect of a US takeover as especially rewarding because it makes their holdings a little more valuable; consequently they argue strenuously against any laws that would discourage such a takeover. The government does not favour American ownership in the financial and communication fields but it has done nothing to protect Canadian control over key industries in other highly dynamic sectors of the economy. The \$150 million takeover of Canadian Oil Companies, the last of the large, Canadian-owned, well-head-to-consumer companies, was not contested. The recent us bid for Royal Securities, a venerable and large investment house, was not interfered with. In 1968 the Canadian auto industry partially defaulted with production objectives under the auto-pact agreement. The Canadian government gave up \$80 million in customs duties to the industry and made no effort to recover any part of the sum for fear that the parent companies would break the pact. In view of the fact that the industry has already become so continental integrated, it was against the immediate interest of the government to press the issue and assert its rights. In 1968-9 alone there have been a total of five hundred takeovers of Canadian firms by American corporations. The government in Ottawa has done nothing to interfere with these takeovers.

Continental integration has been reinforced and legally sealed by special arrangements granted to Canadian (usually branch-plant) businesses by the United States: the partial free-trade agreement on

automobiles alluded to above; exemption from the Interest-Equalization Tax; exemption from import quotas on exports of crude petroleum. As Hugh Aitken has written: "If Canada seriously wishes to retard the process of continental integration, she could refuse to accept such discriminatory treatment when it is offered. It is indeed, by Canada's reaction to such bilateral proposals that outside observers will be inclined to gauge what weight Canadians do in fact attach to their autonomy and what sacrifices of [immediate] economic advantage they are prepared to make to achieve it."<sup>16</sup>

It is not possible to determine whether, in fact, any economic advantage would have to be sacrificed in the long run. This would depend, in large part, on the alternative economic structures that are possible, on what are the objectives of economic growth and in whose material and social interest it is supposed to serve. One could certainly argue, for example, about the inequities, waste, and distortions of American capitalism that are part of the package of American capital, entrepreneurship, and technology that Canada imports. In lieu of an alternative economic structure or strategy of growth, and because of the already existing predominance of American influence and control, Canadian supplies of capital, entrepreneurship, and technology for the most part are absorbed into the American metropolis. We will discuss this process briefly.

It is well known that, on a per capita basis, Canada invests more capital across the border than the US invests in Canada.\* The American economy attracts Canadian capital because it is the metropolis. Significant branches of the Canadian economy are closed to Canadian investors. Wholly owned subsidiaries do *not* offer their shares to Canadians. Investors, eager to participate in dynamic industries and their glamour stocks, must invest in the parent companies (whose shares *are* often listed in Canadian markets) since few, if any, Canadian stocks of these industries are available. IBM is one US corporation with a wholly owned Canadian subsidiary. At the end of 1966 Canadian mutual funds held about \$60 million in IBM stock, more than their holdings of any single Canadian stock. Canadians who want to invest in General Motors can do so only by buying shares in the parent US corporation. The point is not to decry the financial policies of US corporations in limiting opportunities for Canadian investors, for a more liberal policy would bring few benefits to the general community. It is rather to demonstrate that the already dominant American position in the Canadian economy limits still further opportunities for Canadian participation and control of the country's economic development, while it induces greater Canadian investment in the economy of the metropolis.

\*Of course, it would be absurd to infer from this that Canada consequently has greater control over the United States. Two other points, however, about Canadian investments abroad should be mentioned. ***The thirteen largest "Canadian" firms investing equity capital abroad accounted for 70 per cent of the total in 1963; foreign-owned companies contribute a significant portion of Canadian direct investment abroad, amounting to 37 per cent in 1954 and 47 per cent in 1964.*** (Note by the author – emphasis by the Web Ed.)

On the matter of entrepreneurship, Kari Levitt reminds us, "... entrepreneurship does not bear any simple relationship to high levels of income, or to high levels of education."<sup>17</sup> Canada, says Levitt, has far higher per capita income than that which prevails in Britain, Germany, and the United States at the peak of their "take-off." Canada has a far higher level of per capita income than contemporary Japan. What this may indicate is that the branch-plant economy is not the product of low incomes and lack of entrepreneurship,

but rather the reverse; the lack of entrepreneurship is the product of the branch-plant economy. As we have seen above, local entrepreneurs often become the salaried employees of the multinational corporations. They become citizens of an international corporate empire. And Levitt adds that skilled personnel are attracted and absorbed by "the metropolitan industrial and academic centres by high salaries, superior facilities and the fact that the professionals involved have internationalized the values of the metropolitan society. By means of this 'brain-drain,' the brightest and ablest people from lower-income countries swell the technological resources of the richer countries."

Levitt quotes an account of company policy provided by the Procter and Gamble Company to illustrate the point that this process also includes managerial skill: ["] When Procter and Gamble moves into a country for the first time, it has to bring in a skilled top-management team, already developed. The initial cadre goes about building an organization in depth. Just as soon as local talent can be developed, it is. Of the American group in Canada Procter and Gamble had in 1947, only two of us are left. The others have gone to Geneva, to Venezuela, to Cincinnati, and elsewhere ... Today, the General Manager of Procter and Gamble in France is a Canadian, the General Manager in Morocco is a Canadian; the General Manager in Mexico is a Canadian; and the man responsible for all our business in the "outer Seven" including Britain is a Canadian ...["]<sup>18</sup>

If local entrepreneurship is not necessarily related to national income levels, neither is a nation's ability to develop new technology and to introduce new innovations. And in the same way that the branch-plant economy may itself be the primary agency for choking off local entrepreneurship, so may it be the primary agency for destroying native technological prowess.

As Andre Gunder Frank points out in his insightful book, *Capitalism and Underdevelopment in Latin America*, technological power is the new vehicle of empire and technological dependence has become the clearest indicator of a metropolis-satellite relationship. The Task Force on Foreign Ownership makes abundantly clear that Canada engages in less research than almost any industrial country in the western world. In terms of the welfare of the multinational corporation, it makes no sense for the parent company to assign major research to Canadian subsidiaries. And when research is carried out, it is usually limited to modifying product lines to suit Canadian climatic conditions or other conditions peculiar to this country. Major innovations seem to occur only in those industries that are dominated by Crown corporations. With this exception, new technology appears to trickle into the Canadian economy as American innovations are eventually passed down to the subsidiaries.

Kari Levitt has admirably summarized this process as it involves capital, entrepreneurship, and technology: ["] For Canada, the result of [the] branch plant economy has been the progressive erosion of Canadian entrepreneurship; an assured and perpetual backwardness in research and technology, a built-in bias toward the importation of supplies from parent companies; a structure of manufacturing industry which is geared to supply the domestic market and creates obstacles to the expansion of Canadian exports (except by special deals and arrangements with metropolitan corporations and their governments), a splintering of the capital market, whereby a large part of savings generated within Canada are not available to potential borrowers in other sectors of the Canadian economy; and a balkanization of the political

structure whereby the growing economic powers of the corporations and the provincial governments threaten to destroy the Canadian state."<sup>19</sup>

**It is to this latter problem that we must now proceed. The developing continentalization of Canada has led to the deterioration of Canada as a nation-state. The policies which guide the direction of Canada's cultural and economic future emanate more and more from Washington and from the board rooms of the multinational corporation in New York, Chicago, and Detroit. Consequently, it has been the task of Canadian governments to administer this country and its provinces as a region and as sub-regions of the great American metropolis.** The inevitable weakening of Ottawa vis-a-vis the United States can only have had the effect of strengthening the position of the provinces relative to Ottawa. Confederation and the old National Policy was predicated on the basis of a strong central government. But the old National Policy could not withstand the power of the north-south pull and a north-south economy dominated by us branch plants; and us resource industry does not need a strong central government.

**The former Under-Secretary of State, George Ball, in a speech to the us Chambers of Commerce, put the proposition much more strongly: "The multinational corporation is ahead of, and in conflict with, existing political organizations represented by the nation states." The multinational corporation is seen as a kind of global government, a unifying force throughout the world. It leads not to a world government, however, but to American rule throughout the world.** This is not only the view of antagonists of the American empire. It is the view of its advocates. Mr Henry Fowler, as us Secretary of the Treasury, was very explicit when he said: ["] Let no one forget the crucial importance to the multinational corporation of a United States government that commands world respect for its economic and military progress as well as for its commitment to the highest human ideals -- a United States government whose political, diplomatic and military strength is fully commensurate with its role as a leader of the free world ... **for let us understand that the United States Government has consistently sought, and will continue to seek to expand and extend the role of the multinational corporation as an essential instrument of strong and healthy economic progress through the Free World.**"<sup>20</sup>

The multinational corporation provides income from abroad without which the United States probably would not be able to meet its world-wide military, political, and economic commitments. On the other hand, Fowler continues, "it is impossible to over-estimate the extent to which the efforts and opportunities for American firms abroad depend upon the vast presence and influence and prestige that America holds in the world."

American foreign policy and the expansion of the multinational corporation are mutually dependent. It is quite impossible to conceive of one without the other. As Mr Ball explained, the multinational corporation cannot prosper within the confines of the nation-state. To the giant corporation the nation-state is economically confining. What is more it has the potential to develop a countervailing force to the authority of the multinational corporation. Fortunately for the multinational corporation, the central government in Canada is gradually disintegrating. It has lost its main purpose to the metropolis and it has given over its main functions to the provinces. This functional fragmentation, in turn, serves to further strengthen the north-south pull; for the provinces are inherently parochial and absorbed entirely in achieving maximum economic growth within their own narrow boundaries. This necessarily involves them in a competitive race

for new investment. The scramble for industry easily overrides any concern for the preservation of Canadian economic control and the development of a Canadian identity. And the system of incentives and concessions used to entice industry from one province to another serves only the corporations and the richest provinces who can always offer the biggest incentives.

Put a different way, a national obsession with crude growth has led the way towards American investment in and ownership of Canadian resources and industry -- and consequently to the weakening of the nation-state. A national concern for social needs, on the other hand, would have attracted little equity investment from the United States for the American corporation has little to offer in the way of satisfying basic needs of food, clothing, shelter, education, and recreation. Only a strong government can secure these essentials for all.

**It must be added that the balkanization of Canada is further promoted by the unwillingness of English Canadians to recognize Quebec for what it is -- a province different from all the others, the homeland of a people with a distinct language, history, culture, and institutions.** French Canadians fear for their survival as a national entity. They insist that the authority of the Quebec government must be widened if economic control by French Canadians is to be secured. Prime Minister Trudeau is telling them to be patient. "There is no reason to renegotiate the constitution," he says. "Natural forces are bringing about the desired degree of decentralization." The forces are not natural at all. They are located in the multinational corporation, which cannot coexist with a strong central government. Mr Trudeau's advice to Quebec may be sound -- for Quebec. It can hardly be said to be sound for English Canada. The Prime Minister approves of the tendency towards greater provincial autonomy. It is his answer to Quebec separatists. But he is unconcerned about national sovereignty. Like other "cosmopolitans," he finds it old-fashioned, irrelevant, and dangerous. During the 1968 federal election he stated that Canada is no more independent of the United States than is Poland of the Soviet Union. We have 10 per cent independence, he remarked, and we can manoeuvre only within that degree of freedom. His price for keeping Quebec in Confederation is to weaken English Canada, which means, in effect, to weaken still further the position of Ottawa vis-a-vis the United States. The insistence of Quebec for greater powers is used as a lever by the wealthier provinces to pry more and more authority and responsibility from the federal government.

It is easy to count up the forces that are leading Canada towards a new colonial status. Unfortunately, it is not so easy to discover the forces that might lead Canada towards a new independence.<sup>21</sup> Perhaps the very failure of the American system, already apparent, will impose conditions upon our imperial relationship which will finally demand a total restructuring of our political economy. No amount of national will, moral pleading, and nationalist sentiment will, by itself, break the pattern of foreign economic control and cultural absorption that has evolved over the past century. But there are signs that, internally and externally, the American system is beginning to disintegrate. No doubt this will be a long process. It is a process that requires immediate study, especially as to its short- and long-term impact on the Canadian economy.

#### NOTES

1 The author wishes to thank Professors Melville Watkins, Claire Pentland, and Rubin Simkin, and Mr James Laxer, for reading a first draft of this paper and offering suggestions. The first third of the paper is an extended

version of a paper read for the DIMENSION Conference on Canada and the American Empire and published in *Canadian Dimension*, vol. 4, no. 4 (May-June 1967), as "The Political Economy of Canadian Independence."

2 Selective Industrial Raw Materials:

Ratio of Net US Imports to us Supply, 1937-9 and 1956 (percentages)

3 *Foreign Ownership and the Structure of Canadian Industry: Report of the Task Force on the Structure of Canadian Industry* (Ottawa, 1968), p. 205. *Ibid.*, p. 202.

Raw Material	1937-9 Average	1956
Aluminium	0	11.3
Bauxite	53.0	78.1
Petroleum	0.5	13.5
Iron Ore	2.6	20.3
Copper	0.3	22.4
Lead	0.2	56.5
Zinc	6.3	57.8
Fluorspar	13.4	59.5
Tungsten	41.8	59.7
Magnesium	—	82.7
Nickel	99.2	95.5

5 "Political Economy of Guidelines," in *Canadian Dimension*, vol. 3, no. 3-4.

6 April 20, 1963.

7 "... the important issue today for host countries such as Canada is not whether foreign investment is worthwhile, but rather how to increase benefits and decrease costs." *Foreign Ownership and the Structure of Canadian Industry*, p. 52.

8 *Ibid.*, pp. 310-11.

9 *The Power Elite* (New York, 1956), and *Causes of World War III*, (New York, 1957).

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10 "Canada: Economic Dependence and Political Disintegration," *New World Quarterly*, rv. 2 (Crop Time, 1968), p. 128.

11 The early history of foreign investment is set out in Herbert Marshall, Frank A. Southard, Jr, and Kenneth W. Taylor, *Canadian-American Industry: A Study in International Investment* (New Haven and Toronto, 1936).

12 "A New National Policy," in Trevor Lloyd and Jack McLeod, eds., *Agenda 1970: Proposals for a Creative Politics* (Toronto, 1968), pp. 164-5.

13 H. C. Pentland, "A Study of the Changing Social, Economic and Political Background of the Canadian Systems of Industrial Relations." mimeo, 1968, p. 50.

14 *Ibid.*, p. 51.

15 "Canada: Economic Independence and Political Disintegration," p. 114.

16 *American Capital and Canadian Resources* (Cambridge, Mass., 1961), p. 171.

17 "Canada," p. 113.

18 *Ibid.*, pp. 114-15. 19 *Ibid.*, p. 81.

20 Quoted *ibid.*, p. 110 (italics added).

21 I have discussed alternative strategies for Canadian independence in "The Political Economy of Canadian Independence."

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **The alienation of Canadian resources: the case of the Columbia River Treaty**

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*(All emphasis by the Web Ed.)*

**Canada's presence on the international stage has been fading for the past fifteen years or so, especially in its dealings with the United States. During this period there has been also a noticeable decline in the power of the federal government in relation to the provinces. There is a connection between these two processes. The erosion of federal power in both respects stems in great part from a view, held widely in Ottawa, that the federal government is little more than an agent of the provinces on the one hand, and little more than a province of the United States on the other.** A corollary of this view is that the government at Ottawa has no prerogative to exercise initiative or to take decisions in international negotiations concerning matters which come under provincial or divided jurisdiction. The result has been to reduce the federal government to something resembling a secretariat, whose function is but to implement decisions taken at other levels. The decline of Ottawa's power and influence in these terms can be seen clearly in its dealings with the United States and British Columbia in the Columbia River dispute.

**The dispute was resolved finally on September 16, 1964, when the Columbia River Treaty of January 17, 1961, came into force.<sup>1</sup> Under the terms of the treaty, Canada undertook to build three storage dams in British Columbia at a cost then estimated at \$410.6 million. In return Canada was to receive \$274.8 million on the ratification date, with other payments totaling \$70 million to follow.\* The operation of these dams was to be under international supervision by a Permanent Engineering Board consisting of two members designated by each country. The two American members are Washington officials; on the Canadian side one member represents Ottawa while the other is a British Columbia nominee. The Canadian operating entity is provincial -- the BC Hydro and Power Authority.**

\*This arrangement was touted as giving Canada a "profit" of \$52 million on the assumption that the funds received could be invested at 5-1/2 per cent interest until they were needed to cover expenditures. However, operating costs were omitted, most of the money was invested in the United States at 4-1/4 per cent, and the cost estimates took no account of inflation. The Columbia River Treaty, Protocol, and Related Documents, p. 138.

**After thirty years Canada might receive a small but undefined amount of electric energy. In exchange for other unspecified energy benefits which would accrue to a Canadian corporation, Canada is also required to make available, at its expense, some seventeen thousand acres of land in British Columbia for flooding by a dam to be built in the United States. The treaty can be terminated**

**after sixty years upon ten years' written notice. Certain provisions relating to Canadian operation for flood control do not expire with the treaty.**

**The Columbia River Treaty, in its effect, is revolutionary.<sup>2</sup> The previous law and the institutions for administering the Columbia basin are swept away. In place of co-operation by national entities, the Canadian portion of the Columbia basin has been placed under international control, which is to be based upon the greatest good for the basin as a whole. The American portion of the basin remains under American control.** This means that, in cases of conflict, Canadian operation must give way to the majority interest with no compensation for lost opportunity. In other words, the costs of co-operation are to be borne by Canada while the benefits will be reaped by the United States wherever a divergence of interest arises. The Columbia River Treaty is not for co-operative development and operation; it integrates the smaller but vital Canadian part of the basin into the whole.

**One result of the Columbia River Treaty is that there are now two quite different sets of legal principles in force governing relations between Canada and the United States in water questions. The Columbia is governed by the continental resource concept of integrating Canadian resources into the economy of North America. This concept does not recognize the possibility of conflict in that all actions are dictated by the majority interest.**

Other watersheds are still governed by the Boundary Waters Treaty of 1909,<sup>3</sup> which rests upon a premise of development of North America by separate national entities. The principle behind this treaty recognizes the possibility of conflict, and accordingly provides for its resolution. It provides also for international co-operation where both parties stand to gain without sacrificing more favourable alternatives. A set of rules and a mechanism were provided whereby disputes between Canada and the United States could be settled equitably within an agreed legal framework. The International Joint Commission was set up consisting of two national sections, each with three members headed by a chairman, as the machinery for resolving conflict between the two countries.

**Two legal doctrines were embedded in the 1909 treaty. The first, and the more important, was the Harmon doctrine, which asserted that the upstream country has an unfettered right to "exclusive jurisdiction and control over the use and diversion ... of waters on its own side of the line which in their natural channels would flow across the boundary or into boundary waters."<sup>4</sup> In addition, the downstream state is prevented from "construction ... of any works in waters at a lower level than the boundary the effect of which is to raise the natural level of the waters on the other side of the boundary"<sup>5</sup> without the approval of the International Joint Commission.**

**The Harmon doctrine favours the United States both vis-a-vis Mexico and the eastern parts of North America, which were of concern when the treaty was being negotiated.\*\* However, in the western part of the continent, the doctrine favours Canada on most of the trans-boundary rivers of significant size and potential. The doctrine was asserted most recently by the United States in 1952. Canada sought permission on behalf of the Consolidated Mining and Smelting Company (Cominco) to construct the Waneta dam on the Pend d'Oreille River, a tributary of the Columbia which flows from the United States into Canada. The Waneta dam would raise the level of the river at the boundary by a matter of inches and thus cause slight flooding of two and a half acres of us territory. The United States reiterated its claim**

to upstream sovereignty in a manner designed to preserve its future freedom of action to divert the Pend d'Oreille. The Order of Approval issued by the International Joint Commission in July 1952 stressed: "... the right of the United States recognized in Article II of the Boundary Waters Treaty to construct such works as it may consider necessary or desirable for making most advantageous use reasonably practical on its own side of the international boundary by diversion for power purposes or otherwise." The order carried with it the concurrence of both countries, and consequently is a valid precedent.

\*\*Prior to 1909, the United States had diverted the Allagash River in Maine into the Penobscot, thereby depriving a small Canadian lumbering operation of the water for log driving that was necessary for its survival. The diversion of Lake Michigan into the Mississippi basin is a similar assertion of the Harmon doctrine which continues to this day.

The second doctrine embedded in the treaty is that of prior appropriation. This doctrine is not as explicitly stated in the treaty as is the Harmon doctrine, but it was asserted by the United States in a protocol to the treaty.\*\*\*

\*\*\*The following is an example of the doctrine in action. After the First World War the Canadian government wished to settle veterans on the Cawston benches in the valley of the Similkameen River (also in the Columbia basin). The entire low season flow of the river had already been taken into use in the United States, and any diminution of this flow would probably give rise to a claim for damages under the provision in Article II. Canada therefore built a dam to capture unused flood flows to provide irrigation water for these lands.

**Within the International Joint Commission [IJC], many of the words used were strong, and most of the positions taken were firm; but for the most part, the resulting actions provided harmonious and equitable lawful solutions. Canadian diplomats, who tend to assume that under no circumstances can Canada afford to offend Uncle Sam, were often made nervous by the proceedings. Nevertheless, in the process of sharp debate, much misunderstanding was cleared away, and an impressive body of precedent was created within the international law derived from the Boundary Waters Treaty.<sup>6</sup>**

Part of the reason for the success of the International Joint Commission in the past undoubtedly was that, in most cases, the disputes were not international confrontations. Conflicts over problems such as the Great Lakes, the Niagara River, and the St Lawrence were for the most part between functional interests such as navigation, power, conservation, and riparian owners on both sides of the boundary. Canadian interests were not pitted against American interests, as such. For example, the Chicago diversion reduces the power potential of the Niagara and St Lawrence rivers in both countries. Conflicting interests within each country prevented each national section of the International Joint Commission from taking an extreme view, and tended to promote a greater reliance upon legal precedent than otherwise might have been the case.

Another reason for the original success of the International Joint Commission [IJC], at least from a Canadian point of view, was the willingness of the government to support a vigorous assertion of Canada's rights under the Boundary Waters Treaty. This included a sufficient delegation of authority to the Canadian Section. The United States has been hampered by a tendency to make the chairmanship of the American Section a political appointment, and thus in effect to relegate it to a somewhat less important status than that of its Canadian counterpart. Very often, this has worked to the advantage of Canada.

The initiative for joint development of the Columbia River basin had come originally from the United States when the US Army Corps of Engineers realized in 1943 that the full potential of the river within

American borders could not be achieved without the provision of storage for flood flows in Canada, and for their release during the low-flow season. The Corps of Engineers was directed to make a new study of the American portion of the basin. In March 1944, at the request of the United States, the two governments referred the matter of co-operative development of the Columbia basin to the International Joint Commission.<sup>7</sup> The IJC set up the International Columbia River Engineering Board (ICREB) to investigate and report.

The United States had an early advantage because a great deal of work had been done already on the American side. Two of the largest dams in the world were generating power on the main stem of the Columbia at Bonneville and Grand Coulee. In Canada, on the other hand, little was known about the basin, and there were no developments on the Columbia. Topographical maps had to be prepared and streamflow records had to be accumulated for at least a decade in order to provide adequate information of the dimensions of water supply before engineering proposals could be made. Thus the American plans were formulated before the Canadian alternatives emerged.

The Corps of Engineers issued a comprehensive report on the American portion of the basin in 1949.<sup>8</sup> This report was important, not only for the detailed information it brought together, but also for a thesis it sought to establish according to which the benefits of storage decline over time.\*\*\*\* This fallacy was never challenged at the official level by Canada, and ultimately it led to serious defects in the Columbia Treaty as it applied to Canada.

\*\*\*\* This is a fallacy on any watershed where development is taking place. It is true that the benefits of additional increments of storage at any one time do decline, but the benefits derived from a given amount of storage increase over time as development proceeds. See J.V. Krutilla, *The Columbia River Treaty* (Baltimore, 1967), chap. 3.

The final report of the ICREB was published in 1959. Long before the report was issued, the United States had begun to exert pressure on Canada through its early advantage in knowing its own requirements. Canada was able to resist these pressures, in part because they were blatantly premature and in part because the government of Canada was prepared to act upon the advice of the chairman of the Canadian Section, General A. G. L. McNaughton.

American pressures created two issues. One thrust came from the private sector. The Kaiser Aluminum Company approached the British Columbia government with a proposal to build a small dam at the outlet of Arrow Lakes on the main stem of the Columbia, a short distance upstream from Trail. The dam would yield \$14 million annually to the United States corporation; Premier Bennett of British Columbia had agreed to accept an annual payment of \$2 million with the dam to be built at Kaiser's expense.<sup>9</sup> The power generated in the United States during the low-flow season from released water was to be used to produce aluminum behind the American tariff to supply the market there in competition with Alcan's Kitimat project.+\*

+\* There was another private proposal by a syndicate of private power companies in the United States. They proposed to build the Mica Creek dam at a cost of \$425 million, and turn it over to the province in return for timed releases, for a period of a hundred years. The economics of this proposal are considerably better than the Columbia Treaty arrangements, but Premier Bennett turned down the proposal.

The government of Canada intervened by passing the International River Improvements Act in 1955,<sup>10</sup> under which a federal licence is required for works which would "increase, decrease, or alter the flow of an international river." The policy of the Canadian government was set forth at the time by Jean Lesage, minister of northern affairs: "According to the Canadian constitution, works built on rivers in Canada having an effect outside the country fall under the jurisdiction of Parliament even if they are located in one province."<sup>11</sup> He went on to say that any projects, to be approved, must be compatible with optimum development of the resources by Canada, and that benefits from any downstream utilization must be commensurate with the resources made available.

**The Kaiser deal had important implications. In the first place, it constituted recognition by downstream interests of the fact that storage dams in Canada would provide benefits in the United States, and also recognition that these should be shared. Although the transaction was between private interests and a provincial government, it provided a useful precedent. Second, the passing of the International River Improvements Act demonstrated the power of the federal government to impose its veto on a development with international implications, even though the resource was otherwise under provincial jurisdiction. (All emphasis by the Web Ed.)**

The other thrust of United States pressure on Canada was the proposal of the Corps of Engineers to build a dam near Libby, Montana, on the Kootenai River in the Columbia basin.<sup>+\*\*</sup> Because this dam would cause flooding into Canada for forty-two miles, putting over seventeen thousand acres under water of depths up to 150 feet, Canadian consent was needed under Article IV of the Boundary Waters Treaty. The Libby dam was suggested by the Corps of Engineers as early as 1948 and approved by Congress in 1950. The application was made to the IJC in 1951. Within the IJC, the Libby and Waneta applications were under consideration simultaneously.

<sup>+\*\*</sup>The name of the portions of the river in Canada is Kootenay; in the United States it is spelled Kootenai. The river flows south from Canada, past the source of the Columbia, into the United States. Then it loops to the northwest and flows back into Kootenay Lake in Canada. Thus Canada is alternately the upstream state and the downstream state on this river. The United States is first a downstream state, and then an upstream state.

In the face of the Libby application, the American action in reconfirming the right to divert the Pend d'Oreille in the Waneta order was a major blunder; for construction of the Libby dam, the key to United States control of the Columbia, required a repudiation of the Harmon doctrine. Moreover, while the Americans lacked firm plans to divert the Pend d'Oreille, the Canadians were developing their plans to divert the Kootenay to the Columbia. It happens that as the Kootenay River flows south in British Columbia, it passes within a mile of the headwaters of the Columbia, and at the same elevation. In fact, some of the waters of the Kootenay actually find their way into the Columbia via a shallow canal that joins the two rivers. It is therefore a simple matter to increase this diversion to the Columbia. The waters of the Kootenay could be put to good use in Canada, either to produce power on the Columbia (and perhaps the Fraser), or to provide water for irrigation on the prairies by diversion across the Rocky mountains. Indeed, the Kootenay-Columbia diversion was required for Canada if best use was to be made of the huge reservoir to be built at Mica Creek. To add force to the Canadian position, the diversion plan was cheaper and more efficient than the Libby proposal. Moreover, there was no downstream interest in the United States that would suffer damage from the diversion: on the contrary, it would provide needed flood protection.

The plan to build the Libby dam was controversial, even in the United States, because of its poor economics, and also because many Americans suspected that it was merely empire building on the part of the Corps of Engineers. **In Canada the federal government opposed the application on the advice of General McNaughton, who had conceived the Canadian plan of diverting the Kootenay to the Columbia on the basis of his experience in the area many years previously. Local interests in the Kootenay valley where the river re-enters Canada tended to support the United States application. Among these was Cominco, which expected to receive a windfall gain in the order of \$3 million a year from the operation of upstream storage at Libby.**+\*\*\*

+\*\*\*Cominco seems not to have been concerned with the timing of releases from upstream storages, because it has been able to trade power to its satisfaction in a deal which is of enormous benefit to the Americans.

(...)

Diefenbaker's decision to go ahead with the signing of the Columbia River Treaty on January 17, 1961, was undoubtedly made on the advice he received, although there is ample evidence to indicate that this advice should have been conflicting. In Ottawa McNaughton was bitterly opposed, and he seemed to have the support of External Affairs Minister Howard Green. There was no binding agreement with British Columbia: on the contrary, the storm warnings were flying. Bennett had expressed serious reservations about the draft treaty in letters to Donald Fleming, minister of finance.<sup>12</sup> He had also referred the whole matter of the feasibility of the Columbia and Peace rivers to the BC Energy Board for detailed study in December, 1960.

Diefenbaker described the decision curiously to the House of Commons the next day: ("") May I say that in the signing of this tremendous treaty the course followed was one that gave emphasis to the importance of the occasion. The fact is that it was the last major official discharge of responsibility on the part of the President of the United States. That fact gives it emphasis. During the course of our stay there the Minister of Justice, myself, and several representatives from the two countries were entertained at luncheon at the White House, the last function of the kind that will take place during the presidency of Dwight D. Eisenhower. ("")<sup>13</sup>

**Like so many Canadian prime ministers before him and after, Diefenbaker seems to have been overawed by the experience.**

**The Columbia River Treaty was a disaster beyond the confines of the Columbia basin. In order to justify its action, the Diefenbaker government put forth a view of federal-provincial relations which was the antithesis of the position taken by Jean Lesage in 1955.** Specifically, it claimed that the role of the federal government in any international dealings concerning matters under provincial jurisdiction was merely to satisfy the niceties of protocol in the international arena while acting as an agent of the province. **In other words, it was an abdication by the government of Canada from its over-riding jurisdiction in external affairs. Such a view inevitably would destroy the credibility, relevance, and consequently the power of the Ottawa government.**

**In the two years that followed, the dispute between Ottawa and Victoria over the financing of the Columbia and whether to sell the power benefits added almost as much frustration to relations between Canada and the United States as did the Bomarc question.\*** The news media were preoccupied with the Ottawa-Victoria squabble, and permitted it to steal the limelight from the important discussion which concerned the merits of the treaty.

(\*i.e., the dispute and refusal by Canada to accept the nuclear armament of the Pentagon-controlled missiles on Canadian soil -- Web Ed.)

Public discussion of the merits of the treaty was opened up when Diefenbaker abruptly retired General McNaughton as chairman of the Canadian Section, IJC, in April 1962 because of McNaughton's bitter opposition to the Columbia Treaty. **As leader of the opposition, Lester Pearson took advantage of McNaughton's dismissal to create the impression that a government led by him would seek a renegotiation of the treaty to meet the objections of critics in Canada to the Libby project.** As he fought his way to political power, Pearson intimated that before any decisions were taken there would be public hearings to ventilate the objections of the people in the affected areas, and to hear the recommendations of such critics as McNaughton.

**During the election campaign of 1963, which brought Pearson to power, even George Cady, his Liberal candidate in the heart of the Columbia valley, was persuaded that Pearson intended to renegotiate the Columbia Treaty.** Part of the confusion was due to a series of articles published in the *Vancouver Sun* under the byline of Jack Davis, MP. Davis was the author of the energy study for the Gordon Commission on Canada's Economic Prospects, and had been director of research for BC Electric. In Parliament Davis had been appointed chairman of the power study group of the Liberal opposition caucus, and he was widely regarded as the official Liberal spokesman on Columbia matters during the election.

His "Plan for Action on the Columbia" advocated immediate conclusion of an interim agreement on principle, under which early construction could start on Mica Creek. It was an ingenious proposal; it satisfied the political need for something to be done; it left open the option of whether to scrap the Columbia Treaty or modify it; and it would produce approximately 80 per cent of the benefits to be had. It carried the support of most of the critics and during the election Pearson gave no indication that he did not support Davis.

**It was a shock to those who had been taken in by the Davis election promise when the new prime minister quietly and promptly accepted the demands of both British Columbia and the United States for ratification of the Columbia Treaty.** Pearson had proposed his protocol to the Treaty when he was in Washington to attend President Kennedy's dinner for Nobel prizewinners in April 1962, a year before the Liberals came to power.<sup>14</sup> The crucial action was taken within twenty-one days of Pearson's coming to power, and the intention to negotiate a protocol appeared in the communique of May 13, 1963, issued at the conclusion of his two-day meeting at Hyannis Port with President Kennedy. It was confirmed by an agreement signed with British Columbia on July 8.<sup>15</sup>

Pearson's betrayal had made Davis look silly. The new prime minister was brutally frank in putting his defeated candidate in Trail into the post-election picture. On July 23, 1963, he wrote to Cady: "While the financial and other terms embodied in the present draft treaty will be improved, the physical plan will not be altered to any great extent."

During this time Paul Martin, who had become minister of external affairs and had been put in charge of wrapping up the Columbia, was busy picking the brains of the critics, including General McNaughton. This

was not, however, participatory democracy; Martin intended to convey the impression that the critics had been consulted in order to allay public fears, and to give the government time to prepare answers to the critical arguments.

These answers were pathetic. The government of Canada even went so far as to admit its own ignorance of what it was selling: "The actual benefits purchased [by the United States] are unknown."<sup>16</sup> **The government of Canada was attempting to tell the Canadian people that the Americans were about to lay out \$275 million for a package of unknown benefits! The Americans know what the benefits are worth, and so do the Canadian critics. A billion dollars is a modest estimate. It will cost Canada about \$100 million to give the Columbia away,<sup>17</sup> to say nothing of the cost of losing the International Joint Commission as an effective means of protecting Canadian rights elsewhere.**

During the debate in Parliament on the Boundary Waters Treaty, Sir Wilfrid Laurier described the merits of the arrangement incorporating the Harmon doctrine: "At the same time, we shall have the same power on our side, and if we choose to divert a stream that flows into your territory you shall have no right to complain, you shall not call upon us not to do what you do yourselves. The law shall be mutual." Laurier's hopes were not justified. What had been done was described by D. S. Macdonald, parliamentary secretary to the minister of justice: "The governing law under the Boundary Waters Treaty as it applies to the Columbia is being set aside by agreement and an entirely new regime of law governing the river is created."<sup>18</sup> **Under the old law, Canada could divert rivers subject to claims for damage. Under the new law, Canada's right to divert waters from the basin probably has been lost.**

The Saskatchewan government was of the opinion that the Columbia River Treaty, if ratified, would foreclose the possibility of moving Columbia water to the Saskatchewan river, and it opposed ratification on these grounds. The language of the treaty supports the Saskatchewan contention. The government was unable to refute the argument, other than by unsupported denial based on a unique claim to higher wisdom on the part of Paul Martin.<sup>19</sup> The Pearson government, assured of support in the House from the Conservatives, paid no attention to Saskatchewan.+\*\*\*\*\* **The Columbia Treaty was debated half-heartedly in Parliament between harangues on the flag debate. The Liberal party used a public flogging of the moribund British lion (at that time on the flag) for public entertainment while it went about the flagitious business of selling out to Uncle Sam.**

+\*\*\*\*\* Saskatchewan had not elected any Liberal members federally. During the hearings, the Liberals were returned provincially and apparently did not pursue the objections of the CCF (*IN POWER IN SASK. -- ED.*) to the Columbia Treaty.

**Pearson's protocol was a signal to the United States that Canadian water was for sale at distress prices.** The reaction was swift. It came from the Ralph M. Parsons Company of California in a form described as a concept labelled somewhat pretentiously the North American Water and Power Alliance, complete with syncopated title -- NAWAPA.<sup>21</sup> **It was a scheme to divert vast amounts of Canada's water southward and eastward; as far as Mexico and the Great Lakes, with extensions to Labrador and the Gulf of Mexico. Mexico's share of this Canadian water would be slightly greater than Canada's, with almost two-thirds reserved for the United States.**

The proposal was described by Trevor Lloyd, professor of geography at McGill, as "an exercise in sophomore civil engineering which has received far greater attention than it deserves."<sup>22</sup> **General McNaughton minced no words in branding it as "... monstrous not only in terms of physical magnitude, but monstrous in another and more sinister sense in that the promoters would displace Canadian sovereignty, and substitute therefor a diabolical thesis that ALL waters of North America become a shared resource of which most will be drawn off for the benefit of the United States."**<sup>23</sup>

The scheme is pure fantasy, but it has already become a factor in continental politics -- not so much because it has been taken up by Senator Frank Moss of Utah, but rather because of the implied and open support it has received from high and influential quarters in Canada. **As a result of this continentalist support from within Canada, Senator Moss undoubtedly was assisted in setting up in the US Senate his Special Subcommittee on Western Water Development. This was important because it provided a means of issuing NAWAPA propaganda at government expense and with the imprimatur of the Senate.**

**Three examples of utterances by continentalist-minded Canadians of some influence will serve to illustrate why Senator Moss has concluded that Canadian resources are ripe for picking:** 1) The Merchant-Heeney Report<sup>24</sup> (whose Canadian author, Arnold Heeney, succeeded McNaughton as chairman of the Canadian Section, IJC advocated a continental approach to energy to be negotiated behind closed doors; 2) A statement by the Western Canadian-American Assembly held at Harrison Hot Springs, BC, in August 1964 under the joint auspices of the University of British Columbia and Columbia University. The report is described as "aimed at presenting the consensus of opinion expressed during the discussions." This is an extract of the report: "Canada and the United States are moving in the direction of a new and significant policy for the development of energy resources, particularly water power, on a continental scale. Recent technological advances which have made the border increasingly irrelevant have brought about in both countries a willingness to consider an encouraging degree of integration ..." The report went on to recommend that the IJC undertake long-range continental plans for water resources. **Senator Moss later suggested that all of Canada's water be brought under international study;**<sup>25</sup> 3) A statement on television during the 1965 election campaign by the Right Honourable Lester Pearson, Prime Minister of Canada:

**("The United States is finding that water is one of its most valuable and is becoming one of its scarcest resources ... the question of water resources ... is a continental and international problem. We have to be careful not to alienate this resource without taking care of our own needs and we will be discussing this with the United States who are very anxious to work out arrangements by which some of our water resources are moved down south. This can be as important as exporting wheat or oil. ")**

**It was like an echo of a statement made by an American financier and NAPAWA supporter a few days before: "Every Canadian knows Canada needs exports. Water can be their most important export"**<sup>26</sup> (*All emphasis by the Web Ed.*)

#### NOTES

1 Departments of External Affairs and Northern Affairs and National Resources, *The Columbia River Treaty, Protocol, and Related Documents* (Ottawa, Feb. 1964), pp. 58-81. Referred to hereafter as *Documents*.

- 2 For a detailed statement of this view, see International Journal (Canadian Institute of International Affairs) - Larratt Higgins, "The Columbia River Treaty: A Critical View," *International Journal*, Autumn 1961. See also C. Bourne, "Another View," *ibid.*, Spring 1962; A. G. L. McNaughton, "The Proposed Columbia River Treaty," *ibid.*, Spring 1963.
- 3 *Documents*, pp.7-16.
- 4 *Ibid.*, p. 8, Article II
- 5 *Ibid.*, p. 9, Article IV.
- 6 L. M. Bloomfield and G. F Fitzgerald, *Boundary Waters Problems of Canada and the United States: The International Joint Commission, 1912-1958* (Toronto, 1958).
- 7 *Documents*, p. 17.
- 8 United States 81st Congress, 2nd Session, House Document, 531.
- 9 *Electrical Digest*, Toronto, July 1955, pp. 34-50.
- 10 RSC, 3-4 Elizabeth II, c. 47.
- 11 *Electrical Digest*, July 1955, p. 48.
- 12 Premier Bennett wrote to Fleming on Jan. 13, 1961, regarding the Columbia: "... assuming of course that it is proved feasible from engineering and financial standpoints. I must tell you that British Columbia entertains serious doubts ..." about the cost of energy delivered to Vancouver. The letter appears in the *House of Commons Debates*, Feb. 2, 1961, p. 1652.

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **The Americanization of the Canadian student movement**

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*(All emphasis by the Web Ed.)*

**During the past decade, left-wing thinkers in Canada increasingly have recognized that the goals of Canadian independence and socialism are interdependent. Continental integration has become so pervasive that those who value an independent Canada and those who reject the values of corporate capitalism are beginning to share a common agenda. Canadian nationalists are starting to realize that only large-scale government intervention in the economy can win back control of this country for Canadians; socialists are more and more aware that we cannot build a better society if Canada does not possess sovereign power. It is in the interest of North American capitalists to weaken the Canadian state and to limit it to the passive function of maintaining a peaceful and secure climate for investment. In contrast, it is in the interest of Canadian socialists to resist any decline in our national sovereignty and to demand that the state serve as an instrument for setting alternative social priorities, based on the satisfaction of human need rather than profit.**

The necessary connection between the pursuit of Canadian independence and socialism has become an axiom of the Canadian left. But, for several reasons, the New Left student movement in Canada has had difficulty in grasping and acting upon this political axiom.

Youth and students form the New Left in Canada. The group originated with a peace movement that arose in the political doldrums of the late 1950s. Following the acquisition of nuclear weapons by Canada in 1963, certain elements of the Combined Universities Campaign for Nuclear Disarmament (CUCND) became convinced that "social change" was the only route to peace. This theme evolved at the same time as white students were involving themselves in the civil rights movement in the United States. From the early 1960s, the Canadian New Left derived much of its style and ideology from the United States, and American-centred issues filled its political agenda. A direct connection in terms of ideas and personnel can be traced from the Students for a Democratic Society (SDS) and the Student Non-Violent Coordinating Committee (SNCC) in the United States, through the Student Union for Peace Action (SUPA) to the Company of Young Canadians (CYC) and the Canadian Union of Students (CUS). **Throughout these years there was little contact between the New Left and the traditional Canadian left (traditional Canadian left here referring to democratic socialists in the CCF-NDP, as well as to workers and farmers in the trade union and co-operative movements).**\* Today's Canadian student movement still bears the stamp of American influence. It has been unable to formulate a political strategy relevant to Canadian society.

\*As the record on this website shows, the 'traditional Canadian Left' would include the Trotskyist component since the birth of the CCF in 1933 thru to the founding of its successor the NDP in 1961 and beyond, the most consistent and principled tendency championing the concept of independent labor political action despite continued efforts by the leaderships of both parties to expel, muzzle and outlaw them -- Web Ed.)

The American New Left has its roots in a cultural revolt of the young against the dominant values of American society, a revolt which has developed from the beatniks to the hippies. It began, not with a concern over the fundamental conflicts in us society, but with the rejection of the sterile cultural and personal outlook of the majority of its people. Through the evolution of their own vocabulary, dress, and music, these youth movements developed great internal strength and deeply influenced their adherents. The life-style which distinguished them from other sections of middle-class society was intended to serve as the basis for a counter-community. The identification of its participants with American black culture made this youth revolution a potential base for a radical movement. As the black revolutionary movement took shape, its style and orientation were transmitted through the emerging New Left to masses of white youth. It was this tie with the black movement that made it possible for much of the American New Left eventually to transcend mere cultural revolt.

The American youth movement has had a wide influence on the life-style and culture of young people in many parts of the world -- especially in Canada. But the American youth revolt and the New Left political movements have not been co-extensive. The New Left groupings, whether their origins were anarchist, Christian pacifist, or socialist, have evolved within the broader youth revolt. It is the association of the American New Left with the youth revolt that has given the movement its impact on young people outside the United States, and particularly in Canada.

Unfortunately, the cultural rebellion of the young in Canada has been far less suitable as the basis of a radical political movement than it was in the United States. The identification of middle-class Canadians with a second-hand culture based essentially on that of American blacks has not put Canadian youth automatically in a politically meaningful position. Rather, it has tended to cut them off from traditionally radical sections of the Canadian population. **In Canada, a primary aim of the left should be the struggle against domination by the American empire in order to achieve true independence. Obviously the goal is removed from the orientation of the New Left.** (*Here the author appears to be referring to the (disintegrating) periphery of the "CP" -- the Stalinist Communist Party of Canada and its youth, and the political line of the CPC for a popular front of (ALL) Canadian classes in unity against American monopoly capitalism -- the line of the Soviet bureaucracy which incidentally would have directed the youth radicalization against the labor-based CCF and NDP -- Web Ed.)*

In general, American radicalism tends to be an inappropriate guide for Canadian radicals because it is conceived out of the conditions of the heart of the empire rather than the conditions of a dependent country. American radicals to a large degree are concerned with preventing or checking the exploitation of much of the world by their own country. This leads such radicals to be quite unconcerned about the effectiveness of American national institutions. When Canadian radicals, influenced by the American New Left, adopt the same attitude to the effectiveness or survival of Canadian institutions, it has far different political implications. **It benefits the world when American radicals challenge the right of U.S. institutions to continue their economic and military domination of peoples abroad.\* This has reinforced the New**

**Left's distrust of organizations and institutions in general. A similar attitude to Canadian institutions, however, results merely in a further softening-up of this country for American takeover. \*\***

(\*Both the Canadian New Left and the non-Moscow or Peking Marxists ['Maoists'] were indeed inspired by both the American youth and later the Black revolt in the US. The author is right in citing the fact of US-Canadian solidarity left solidarity, and the consequent shunting aside of any nascent Canadian nationalist sentiment in favor of the immediate fight for U.S. Black struggles for emancipation, the anti-bomb, the anti-war drive and student rights along with defence of the Cuban Revolution -- Web Ed.)

(\*\*On the contrary, the New Left and Marxist Left's solidarity with the US movement created political conflict between Washington/Pentagon and Ottawa to crisis proportions -- including the earlier defeat and expulsion of a Prime Minister over the issue of nuclear armed missiles in Canada to the campaign against complicity in the Vietnam war -- proof positive of the powerful distinct national awareness in this country -- Web Ed.)

**In the immediate political situation, it is important for socialists to fight vigorously for Canadian control of Canadian institutions of all kinds. Such issues will unmask the continentalism of Canadian capitalists, and their dependence on the Americans. Significantly, the Canadian New Left has never waged a political campaign in which the American takeover of Canada (economically, politically, or culturally) was a central issue (The author as leader of the largest left-wing ever to appear within the NDP knows well that abstractions like opposition to loss of national institutions and industry must be concretized to be effective, as the Waffle began developing its nationalist program and demands so successfully that the NDP leadership sought fit to expel it from its ranks -- Web Ed.)**

Socialists in a dependent country face a complex problem: they must seek power from domestic capitalists in such a way that they do not simply enhance the power of the foreign corporations at the expense of the local middlemen. In particular, Canadian socialists must chart a course that avoids two dangers: enhancing state capitalism through a too conservative fear for the fate of Canadian institutions; and facilitating American penetration by seeking power in a way that merely weakens Canadian institutions and undermines the beliefs of the Canadian people in their power to resist. **Social democracy in Canada has failed because it has encouraged the growth of state capitalism (the welfare state) without having fought a determined battle for national independence. The Canadian New Left has failed because its American perspectives have made it insensitive to the demands of a socialist struggle in a dependent country. The New Left has been blind to the process needed to unite with potentially radical social forces in Canada.** Instead it has placed its own unique life-style ahead of the general interests of the Canadian left. Some will object that New Leftists are now vitally concerned with achieving an alliance with the working class. The critical question is whether they are prepared to adapt their political methods and priorities enough to make such an alliance possible. *To date they have not been, partly as a result of the powerful impact of American radicalism on the development of the Canadian movement (the author downplays the difficulty of forging 'an alliance [of the youthful New Left] with the Canadian working class,' whose level of class consciousness and even militancy on the economic level, quite apart from any advanced political [nationalist] level, remained relatively low, and, also, not yet significantly ignited by the well-publicized youth, women's and Black revolts. In the militant struggles against the Vietnam war for instance, US opposition by GIs and the youth inspired the movement against Canadian complicity (!) against the war (in which it is widely recognized that the Marxist movement played a seminal role, and which defined explicitly the Canadian role in the war, linking our*

*ruling class to that of Washington & the Pentagon, emphasizing CANADA's unique cultural --and potentially radical -- nature -- indirectly involving working-class national sentiment -- Web Ed.)*

**As well as the perspective of American radicalism the Canadian New Left has adopted some specific American political issues. It has spent much effort on questions which are marginal to Canada -- the race question or the draft -- and when it has addressed itself to broader questions such as Vietnam, its demands for a Canadian response to the war generally have not been central to its campaign (*the failure of Waffle to identify with the anti-Vietnam war campaign unfortunately counterposed internationalism to the 'national' interests of Canadian radicals, ignoring the fact that a mass mobilization of Canadians against the war was only possible by linking Canada's complicit role in that war -- Web Ed.*)**

**Three sets of notions have influenced the Canadian New Left as a result of its contact with American radicals:** the idea of participatory democracy; suspicion of institutional structures and all complex forms of social organization; and belief in minority groups and the poor as central agents for social change. (*Such is the religion of multi-class "popular frontism;" the alleged progressive nature of "left" national solidarity as espoused by Stalinism and Maoism of the period -- Web Ed.*)

The concept of participatory democracy originated in the United States as an attempt to revitalize and deepen the meaning of American pluralism. Pluralism is based on a view that society is an aggregate of individuals who come together in many different kinds of groupings to pursue their individual interests. Those who called for participatory democracy pointed out that the disadvantaged in society took no part in decision-making; their demand was for a voice for the poor -- in other words, a call for an operative rather than a sham pluralism. Some Americans in the New Left felt that their society could not accommodate real pluralism, and that an attempt to make it operative would reveal fundamental antagonisms in America. This was an attempt to smuggle a concept of class struggle in the back door, an understandable tactic in a country whose ideology denies the reality of class. **Intrinsically, however, participatory democracy does not transcend the liberal theory that there is a harmony of interests in society which will be realized if all groups of people are able to make their views known. (Which is why the Lasser forces focused on entry into the labor-based NDP as the only fruitful area to develop their nationalist program -- an option not open to the American New Left -- Web Ed.**

Along with the radical pluralism of the New Left came its suspicion of institutional structures and complex forms of social organization. American young people who were beginning to reject the society into which they were being socialized started to question the very right of society to socialize its youth. This was a necessary phase. **Without a developed socialist tradition, young Americans naturally tended to reject all social organization, having as yet no idea of the concrete possibility of an alternative. The left-wing traditions indigenous to the United States tended to be individualist and anarchist and pushed them in the same direction. (This, because of the lack of a political alternative, the CP having proven itself totally bankrupt, and meaningful action within the Democratic Party being impossible -- Web Ed.)**

The trouble with this rejection of the "system" was that often there was little discrimination between disavowal of capitalism and the rejection of complex, industrial society in general. **The tendency to concentrate on the evils of bigness and complexity in institutions, rather than on the necessity for**

**their social control, has compounded the problems of the New Left in two ways. It has made more difficult the quest for alliances with other groups seeking a humanist rather than a capitalist industrial society, and it has made almost impossible the building of a political organization capable of acting in a united way and on a national scale. The anti-organizational bias lingers on in the Canadian New Left; and although it is no longer explicitly espoused by radical student intellectuals, to a marked degree it still holds them back from involving themselves in organizations in Canada which may be important in the struggle for national independence (precisely the problem that Waffle was just beginning to rectify in the Canadian labor party.)**

Adopting the third notion and focusing attention on minority groups and the poor, the Canadian New Left came to see the urban and rural poor and disadvantaged minority groups such as the Indians and Métis as holding the greatest promise as agents of total social change. This assumption has been less useful in Canada than in the United States because no minority group here is analogous to the American blacks in terms of numbers, exploitation, and strategic location in the great urban centres. **Moreover, the tendency to concentrate on minority groups has resulted in the failure of the New Left to appreciate the seminal importance of the exploitation of Canadian society in general by the American empire.** (*However, Waffle itself sought to put socialist flesh on nationalist bones by elaborating a program based on its one-sided ideology over the course of the next three years before its total abandonment of the only arena in which it could elaborate its demands. After being ordered to disband the Waffle, the Laxer forces rejected the NDP as the key area of work -- unlike the existing Left Caucus which determined to continue its sometimes underground existence within the NDP with an explicitly elaborated long-range non-split orientation -- Web Ed.*)

To those familiar with the experience of socialists during the last century, it is plain that only by being brought into contact with already organized groups in strategic areas of Canadian society will the urban and rural poor and disadvantaged minority groups be able to play a role in a movement for fundamental change. This change could result only from a revitalized movement of workers and farmers fighting for democratic control of the work situation and for the achievement of a socialist regime in Canada. (*Presumably if the author is talking about practical politics the only mass vehicle was the one they accepted the terms of an organizational defeat within -- the NDP --Web Ed.*)

The American orientation of the Canadian New Left has been entirely understandable. It has stemmed from the general Americanization of this country and from the accompanying malaise of Canadian politics. The estrangement of the New Left from the traditional Canadian left has hardly been astonishing when one considers the timidity of Canadian social democracy as it emerged from McCarthyism and the Cold War of the 1950s. It would have been remarkable indeed if a youth movement born in such circumstances had possessed clarity of vision regarding the Canadian drift towards colonial status.

In the fall of 1964 SUPA, successor to the CUCND, was founded. Until its demise in the summer of 1967, it was *the* organization of the Canadian New Left. During its brief history it had a major impact on youth organizations in Canada -- especially the CYC and CUS -- and greatly influenced the Student Christian Movement and even the YMCA. Today, however, there is no such New Left organization in Canada. The term "Canadian New Left" now refers to people who are in the political and intellectual tradition of SUPA.

It is always difficult to measure the degree of continuity from one organization to another, particularly when one is dealing with a youth organization that has left few written records behind it and with individuals whose ideas have undergone a rapid evolution. But the continuity of personnel from SUPA to the staff and intellectual apparatus of the Canadian Union of Students in 1968-9 was striking. EX-SUPA people, who were in many cases the most experienced politically, occupied positions ranging from field worker to president of CUS.

**SUPA served as the major instrument for drawing American New Left ideas into Canada and for diffusing them among Canadian youth organizations. Its task was made easier by the general tendency of Canadians to accept innovations from the United States. Civil rights activities in the United States and the common currency of the American youth revolt made SUPA instantly recognizable to Canadians; its instant image greatly amplified its influence on Canadian young people. SUPA had many of the advantages of an American branch-plant corporation in merchandising its brand-name products.**

The specific inspiration for SUPA projects came from the Economic Research Action Projects (ERAP), which were loosely affiliated with SDS. Of greatest importance was the Newark Community Union Project (NCUP) which attempted to create "an inter-racial movement" among the poor in Newark, New Jersey, in the mid-1960s. One crucial aim of the organizers of NCUP was to find a non-black constituency of poor people for SDS. However, the project largely failed in its attempt to involve local whites and ended, in effect, as a black organizing venture.

NCUP served as the inspiration for a number of SUPA projects. Personal contacts played a large part in transmitting this kind of activity from Americans to the Canadian New Left. Some of this contact came from Canadian New Leftists who spent time working with radicals in the United States. Particularly important, however, was the influence of the American Tom Hayden of NCUP. Hayden's personal magnetism had a pronounced effect on the attitudes of SUPA leaders in Toronto and Montreal.

In Canada, ERAP and especially NCUP spawned the Kingston Community Project and the Toronto Community Union Project (TCUP). Both of these projects attempted to apply the ghetto organizing techniques used in American ERAP work. But, of course, the Canadian urban poor did not have the powerful common identity of American black ghetto dwellers, and it became clear that attempts to organize them on a residential basis would not result in the birth of a major social movement.

**SUPA members undertook projects among the blacks in Halifax, the Indians and Métis in Saskatchewan, and the Doukhobors in British Columbia. There was never any serious effort in SUPA to work with organized labour. In part, this failure stemmed from the low opinion of the American New Left for the AFL-CIO, but it was an inappropriate prejudice when applied to Canadian labour with its significantly different political tradition.**

**SUPA'S approach to community organizing revealed a basic failure to develop a working analysis of Canadian society.\*** This failure was a determining factor governing SUPA's relations with the rest of society. It meant that a developing left-right split within the organization often turned on sentiment rather than on clear-cut strategic disagreements. The militants tended to oppose activity in mainstream

organizations, both because these were seen as the "enemy" and because such activities would enhance the position of the liberal wing within SUPA.

\*Indeed, this was the reason offered for the demise of SUPA in the summer of 1967 by the organization's short-lived successor, the New Left Committee. A statement of the committee asserted: "Key to SUPA's failure was its inability to develop a coherent analysis of the structure of modern capitalism and of its specific characteristics in Canada. Instead SUPA remained ideologically confused, uncritically eclectic. It drew on various elements of the pacifist-direct action approach and ill-defined SDS notions of "participatory democracy." But the war in Vietnam, the powerlessness of the poor, the authoritarian governing of the universities, were never traced to their structural roots in the political economy of modern capitalism, and the constituencies essential to revolutionary change were only vaguely defined and analysed."

As the split in SUPA developed, the liberal wing of the organization increasingly was attracted to the Company of Young Canadians, where it saw an opportunity to continue its previous activities in a more affluent setting. After SUPA went defunct, the former left wing of the organization gravitated towards CUS, particularly after the election of Peter Warrian as CUS President at the 1967 Congress.\*\*

\*\*The majority of former SUPA members took neither of these routes, of course. Most of them simply dropped out of politics, although a few went into the NDP.

While there was a marked split in the Canadian New Left between the liberals and the militants, both groups exhibited common characteristics in their behaviour in the CYC and CUS. Both the left and the right continued to reflect the rootlessness that has often been characteristic of middle-class radicalism. One of the problems of the rootless left is that much of its search for new meaning in life tends to go on at the level of style and form. The Canadian New Left has fallen victim to this kind of thinking more easily than has the American New Left. **The clear and pressing character of the race question and the draft in the United States has provided a powerful corrective to a radicalism of form. In Canada, though, vital issues have been clouded by the enormous cultural impact of the United States.**

**Because of the tendency to form a counter-community (particularly in the early days of the New Left) and to adopt American issues and style, the Canadian New Left has remained, in effect, largely outside Canadian society. For the New Left, Canadian institutions and traditions have been without substance or value, the entire society has appeared as a gray, uniform, and hostile force. Not understanding Canadian history and particularly the history of peoples' movements in Canada, New Leftists have been incapable of evolving a strategy that rises above the level of sentimental militancy and expediency.**

It is no accident that many SUPA members were attracted by the alternative prospects of using or wrecking the CYC. One SUPA member writing in the organization's Centennial Newsletter advised fellow radicals to "Use the CYC to destroy the CYC." But for many in SUPA, activity in the CYC was not part of a strategy, but a comfortable substitute for one. Those driven there because of a lack of understanding of Canadian society were not likely to find it in the CYC, where one day inspiration was sought from VISTA and the next day from the Red Guards.

Whatever its original intentions had been, New Left activity in the CYC eventually appeared to the public as careerism and low-level pocket lining. The radicals in the Company ended up as a standard pressure

group -- they took what they could and left.\*\*\*

\*\*\*It must be stressed to the credit of large numbers of SUPA people that they never went along with the CYC game, and that those still active in the student movement are mainly those who stayed outside.

The militant wing of the Canadian New Left began its career in CUS with all the floundering that is characteristic of rootless radicalism. The CUS Congress in the fall of 1968 resulted in a highly radical stance for the organization but provided little in the way of radical strategy. In the months following the Congress more than half the schools pulled out of the union as CUS lost referendum after referendum. With no clear goals for the student movement or the university, the CUS leadership slipped into the *de facto* building of a minority radical union. While this was in itself unobjectionable, the mainstream national union was being crippled by the actions of a small group at the centre, with little debate taking place within the student movement at large on the possibility of alternative strategies.

Today radical student intellectuals in Canada have advanced beyond the early New Left notions, and have to some extent transcended the specifically American style that characterized the movement a few years ago. This is due both to the recent impact of European student radicalism and to an Appreciation among some groups that have been associated with CUS of the need for radical research on the Canadian economy and society.

Another reason for the change in the political tone of the New Left is the regional shift in influence that has occurred within the movement. During SUPA's heyday, Toronto was the political and intellectual centre of gravity, with an English-speaking group in Montreal being next in importance. Saskatchewan, the other important centre of the New Left and the one having most contact with the democratic socialist tradition in Canada because of its strong CCF background, had relatively little influence on the dominant eastern groups. Since 1967, however, the balance has shifted decisively to the west, with a group at Simon Fraser achieving the kind of influence that the New Left around the University of Toronto once had. The shift in influence to Saskatchewan and British Columbia is one reason for the strong socialist emphasis within the movement today. Significantly, these are the provinces with the most powerful socialist traditions in Canada. The national importance of the New Left groupings there has marked the eclipse of Toronto libertarianism as the movement's dominant focus.

It may already be untrue to speak of the Canadian student movement as simply an offshoot of the American New Left. In spite of this, however, it remains substantially the case that the perspectives of the Canadian student movement are still affected materially by the horizons and world-view of the American movement. Those who cannot see beyond the American New Left can be expected to view Canada largely within this perspective. There is now a tendency among some student radicals to regard Canadian history as colonial history pure and simple, marked by a mere transition from the British to the American empire. Such a conclusion, denying as it does any important "national" experience on the part of English Canada, could make it simpler to reject the need for a specifically Canadian road to socialism. This would allow some New Leftists to return with a clear conscience to their original goal of creating the second American Revolution.

**The perspective of such people overlooks the fact that even a colonial nation has a history which largely determines the kind of political movement that can arise within it. It is important to note that**

**few in the New Left would deny the validity of French-Canadian "national" experience, in spite of the fact that French Canada has been even more colonial than English Canada.** One can only conclude that the peculiar difficulty of the New Left in appreciating the unique experience of English Canada and its exploitation by the American empire results from a perspective similar to that of the American New Left, which makes it difficult to identify with an English-speaking, predominantly Anglo-Saxon, people. Since WASPS ("WHITE ANGLO-SAXON PROTESTANTS") are seen as the "bad guys" in the United States, it is difficult to perceive that working-class WASPS in Canada form the core around which any successful radical movement will be established.

**One reason for the tendency of the New Left to underestimate the importance of Canadian "national" experience is the obvious bias of historical hindsight: the Canadian bourgeoisie is now a willing dependent of the American capitalists -- therefore, there is a tendency to underrate the extent to which it ever had distinctive interests and was able to shape Canada in its own image.**

One might ask, what is the relevance of these disagreements about the past, as long as we all now agree on the need for an independent socialist Canada? The difficulty is this: the Canadian New Left perspective leads not to an independent Canadian struggle but to continental radicalism. In the long run, the present Canadian New Left perspective is not suited to a struggle for an independent socialist Canada. Either the perspective must change, or the New Left will be forced to go over to the continental strategy that was hinted at in several of the papers presented to the CUS Seminar in May 1969.

**Central to the problem is the fact that New Leftists feel as alienated from Canadian society as their American counterparts do from American society. They do not experience a gut anger over the reduction of their country to a colony; they have no honest rage about the destruction of Canada as an historical entity. Unlike Quebec student radicals who experience imperialism as the degradation of their own society, the Canadian New Left does not prefer its own country over the United States. How, then, can New Leftists seriously consider themselves part of an anti-imperialist movement in this country? The problem is not one of political tactics or militancy, but the identification of those who take part in the struggle with the Canadian people as individuals and as members of a political community. If the New Left can make such an identification, its militancy and vitality will make it central to an anti-imperial coalition; if not, it will remain on the margin of things, merely distracting attention from the central facts of the Canadian situation.**

*(end)*

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **American imperialism and Canadian intellectuals**

Ian Lumsden (*excerpts*)

(All emphasis by the Web Ed.)

**The Americanization of Canada is first and foremost a function of the penetration of the Canadian economy by American monopoly capitalism.<sup>1</sup> Americanization is not merely a synonym for industrialization or modernization, as some would contend. Nevertheless, the effects of American economic imperialism<sup>2</sup> cannot be fully understood unless they are related to the character of the technology and ideology which evolved first in the United States, and which now facilitates its increasing control over Canada.**

**The continued technological supremacy of the United States, and the increasing technological backwardness of other countries relative to it, are the products of the global capitalist system which the United States dominates. While the process of technological development may reach varying stages in different countries, it does not ensure that they will all ultimately follow in the footsteps of the most advanced industrial country. In fact, what happens is that the hinterlands of the capitalist system contribute in diverse ways -- capital, natural resources, and skilled manpower -- to the further advance of technology in its metropolises.<sup>3</sup> Admittedly, some part of the new technology is subsequently extended to the hinterlands, but its impact and catalytic powers are restricted by the boundaries of branch-plant enclaves. Conversely, the technological progress of the hinterland or satellite economies depends largely upon the extent and manner of their integration with the metropolitan economies, particularly with the economy of the United States which increasingly dominates the global capitalist system. The industrialization of Sweden, for example, clearly a more developed country than Canada, does not reflect as strong a degree of Americanization as Canada owing to its more independent economic development in the past. On the other hand, the industrialization, such as it is, of the underdeveloped Latin American countries ensures their partial Americanization long before they reach European levels of development. The fact that the phenomenon we know as Americanization exists throughout the capitalist world despite enormous economic disparities within it, demonstrates that it is more a function of American economic penetration than of industrialization or modernization.**

**Americanization, then, is the process by which the nature of a country's development, particularly its economic development, becomes increasingly determined by that which has taken place in the United States. The fundamental characteristic of the United States is that it has become an *overdeveloped*<sup>4</sup> industrial society, committed to producing goods as an end in itself, and divorced from the satisfaction of genuine social needs -- be these of the nation as a whole, or of large numbers of its citizens who live at its margins. The deprivation of the poor accompanies the satiation of middle and upper middle class wants.**

The recent development of the advanced countries, and in particular that of the United States, has been distinguished by the emergence of a new phenomenon, to which Jacques Ellul has given the name "technique." **The technique of post-industrial society, based in part upon technology and in part upon a distinctive methodology, creates the impression of having "absolute efficiency... in every field of human activity."**<sup>5</sup> So rational do these new procedures appear to be that they distract attention from the ends they purport to serve. *Moreover, they are particularly well suited to the American economy, geared as it is to omnivorous civilian and military consumption. Such is the basis of the bureaucratic rationalism that now pervades US institutions. These institutions are largely in the hands of "experts," who alone can lay claim to a mastery of various specialized techniques. The experts administer a society which has created "a proficiency of technical means that now oscillate absurdly between the production of frivolous abundance and the production of genocidal munitions."*<sup>6</sup> In the face of the "expertise" of these men and the economic power of those who employ them, even the most educated laymen must share the sense of powerlessness of the masses. (NB: special emphasis by the Web Ed.)

America is the home of corporate liberalism and bureaucratic rationalism in more than one sense. The tendency to rationalize the status quo and to downplay the extent to which the real commitment is to profit maximization is peculiarly American. American political thought has always been characterized by what Daniel Boorstin has called the notion of "givenness." By this he means that America's political values are considered inherent to its way of life. Americans have "an unprecedented belief in the normality of [their] kind of life to [their] place on earth."<sup>7</sup> Increasingly, however, they have also come to assume that the United States must be the pacesetter for the rest of the world in things cultural, economic, and technological. It is no accident that this belief coincides with the need of the multinational corporation to destroy resistance to its products, and thus to homogenize the world in America's image. **As John F. Kennedy himself reminded us, not enough attention has been paid "to the part which an early exposure to American goods, skills and American ways of doing things can play in forming the tastes and desires of newly emerging countries."**<sup>8</sup>

Ideology plays a key function in legitimizing the process of Americanization by masking the reality of American economic imperialism in the name of the technological imperative. The basic assumption of US corporate liberalism is that fundamental structural changes are to be conceived as offering solutions neither to the domestic problems within the heart of the empire nor to those within its hinterlands. **The role of the liberal ideologist, both within and without the United States, has been reduced to that of diverting attention from the root causes of the problems facing American imperialism and of opposing those ideologies that could crystallize opposition to it -- principally, socialism and nationalism.** Increasingly, he (*the liberal ideologist --Ed.*) has become no more than an advocate of social engineering and crisis-managing in his attempts to cope with the contradictions that are emerging with increasing strength and frequency in the United States and in the remainder of the global capitalist system which it dominates.\*

\*The careers of McGeorge Bundy, former Kennedy aide and now president of the Ford Foundation; of Robert McNamara, former secretary of defence and now president of the World Bank; and of Lester Pearson, former prime minister of Canada and later head of a World Bank task force, illustrate the point.

The inability of American imperialism to manage its contradictions by liberal means, whether they be located in Harlem or in Vietnam, is more and more apparent. **Neither spectacular technological advances nor vast increases in its economic productivity can disguise the fact that America more and more often has had to resort to outright repression as the only way out.** Despite its superficial rationality, America's post-industrial system, in fact, grows more and more irrational. For its basic mode of operation is still that of the market: the parts are rational, the whole irrational. "The giant corporation withdraws from the sphere of the market large segments of economic activity and subjects them to scientifically designed administration. This change represents a continuous increase in the rationality of the parts of the system, but it is not accompanied by any rationalization of the whole."<sup>9</sup>

**Who can doubt, then, that the possibility of developing a saner and more humane world hinges upon the dismantling of the American economic empire, together with its perverted educational and scientific estates? We must accept the fact that the transformation of Canada, Americanized as it is, is now linked to the overthrow of the whole imperial system. The counterpart of un-American activities within the United States is the activities of anti-imperialist socialists abroad. There is nothing xenophobic or chauvinistic about this. To be anti-American is to recognize that it is American monopoly capitalism that buttresses the process of Americanization in Canada, and to oppose all those domestic forces that have become apologists for, and hence accomplices to, the extension of American influence both within Canada and throughout the remainder of the global capitalist system.**

A call for rejection of American domination need not be based on fantasies about the past. With George Grant we can accept the death of the old Canadian nation. What we call for now is a search for a new one -- one based upon the recognition of the fact that Canada is physically part of North America, and that this country has come to share many of America's political and cultural values, along with the economic integration that has been impelled forward by its corporate elites. Its special status within the empire, as it were, nevertheless demands a distinct political programme that is appropriate to Canadian conditions. What is primarily at stake is not political status, but its content and perspectives.

A growing number of Canadians agree with some or all of the foregoing analysis. ***But the left in Canada must accept the fact that it has so far failed to channel its energies and emotions. At no time has it developed the requisite political analysis and programme that would lead to a broad movement for socialism and independence.*** However, the increasingly explicit repressive and racist basis of American society, coupled with the inability of the Canadian federal and provincial governments to cope with Canada's own domestic economic problems -- such as inflation, regional depression, pollution, housing, and labour unrest -- suggests that a constituency for such a movement may yet emerge. Much depends upon the formulation of a political programme and the emergence of socialist leaders capable of radicalizing the political consciousness of the Canadian people. (NB: *special emphasis by the Web Ed.*)

The New Democratic party has, so far at least, failed to provide either. Neither has the New Left been particularly successful in its attempts to radicalize Canadian students. The explanation for their respective failures is by no means peculiar to the Canadian left. It also explains the present impasse of the British Labour movement.<sup>10</sup> Too much attention has been paid to what Gramsci termed "political society" and too little to "civil society" as the main source of a state's strength.<sup>11</sup> The NDP has been obsessed with parliamentary politics and has allowed quasi-constitutional issues -- such as that of bilingualism and Quebec -- to distract its attention from the question of extra-parliamentary power, which is much more pertinent to the issue of the Americanization of Canada. The New Left, on the other hand, may have become so mesmerized by the dynamic revival of American radicalism that it, too, has been distracted from the need to devise strategies that are appropriate to Canadian institutions and their cultural peculiarities.<sup>12</sup>

The NDP is not a radical organization. It has acquired a commitment to social democracy rather than to democratic socialism. **But that does not mean that socialists should be indifferent to its fortunes, for it may well attain federal power in the future, in addition to gaining control of an increasing number of provincial governments. If it does so, it will undoubtedly accelerate the evolution of a more complete domestic welfare state. This is, of course, desirable in itself, and no socialist worthy of the name would attempt to deny it.** We must be clear, however, that the expansion of the welfare state is likely to occur regardless of which party is in office. Post-industrial capitalism has the means to pursue such a programme without undergoing fundamental structural changes. On the other hand, nothing short of such changes is likely to offer an acceptable solution to problems of structural unemployment, of despoliation of the domestic environment, or of Canada's continued participation in the exploitation of the underdeveloped countries by developed nations.

The NDP, judging by its present leadership and programmatic statements, does not appear to be an organization that will be able to reverse the process of Americanization. To be sure, it promises a more rational administration of resources, and it reveals a greater awareness of the need to protect Canada's interests. But it does not offer to dismantle the framework of Canada's corporate capitalism, or to transform Canada's relationship to other countries. How could it, when this is basically determined by non-governmental institutions, by multinational corporations in particular, which do not identify with the interests of Canada and which frequently are not even accountable to the Canadian government? Although the 1969 Winnipeg policy convention of the NDP demonstrated the desire of many of its members for a genuine socialist programme, the leadership of the party remains, *en principe*, as committed to the existing corporate technocratic structures as are the leaders of the other national parties. The explanation for this, and for many other factors which determine the NDP'S non-radical character, lies in its concern for electoral gains rather than for the transformation of popular consciousness.

*Nevertheless, the NDP remains the only organization of the left that has succeeded in reaching a broad spectrum of the working class, upon which ultimately any socialist counter-hegemony must largely be based. Accordingly, participation in the NDP may provide radicals with an opportunity to inject a genuinely socialist content -- one that revolves around questions of property and class -- into its present liberal framework; and in the process to help legitimize the idea of class politics among the*

*electorate as a whole. (For the major Canadian tradition of this proposed 'orientation' to the NDP, see the 'Labor Party' section of this website -- Web Ed.)* A precondition to the establishment of a socialist hegemony, it need hardly be stressed, is the demystification of the "pseudo-politics"<sup>13</sup> -- such as Trudeaumania -- which continue to hypnotize the majority of Canadian voters. (NB: *special emphasis by the Web Ed.*)

**The reversal of the Americanization of Canada can come about only through the substitution of a new world-view among its people in place of their addiction to the "American way of life" and their adherence to the values perpetuated by the North American bourgeoisie. These values are diffused through a wide variety of cultural, educational, and social institutions. They will not easily be dislodged.** In spite of this, socialists must always keep this axiom of radical analysis in mind: when a hegemony of socialist values has been established, the election of a socialist government will follow sooner or later. Where it is absent, the chance election of a purportedly left-wing government is quickly revealed to be inconsequential to the implementation of socialist goals. The recent history of the Labour party in Britain offers an object lesson to all who place electoral considerations above the struggle, long and disheartening though it may be, to establish a new political and social consciousness amongst the masses of the population.

The struggle to forge a counter-hegemony of socialist values in Canada will take many forms and experience many unforeseen turns of events. Clearly, one variant or another of confrontation tactics, and the fight to democratize institutions, non-governmental as well as the purely political, will be decisive issues; for changes in consciousness are not merely the response to reason and rationality, but are based upon personal experience of struggle, and change of life style. This is the all-important insight of the New Left. Since consciousness is also moulded by political ideas, however, the role of intellectuals becomes crucial to the prospects of developing both a radical movement and a socialist hegemony within Canada.

The task of socialist intellectuals consists of unmasking the real function of all those social and cultural institutions that inculcate bourgeois values into the masses, and hence legitimate and perpetuate their political domination. They must propagate an alternative world-view to which the masses can relate in terms of their own experience, and devise political programmes which facilitate its extension. **Given the extent to which the mass media and institutions of education have become integrated with the corporate world, the prospects of developing a socialist intelligentsia in Canada, and the tasks that lie ahead of them, are not particularly propitious. Nevertheless, this must be among the first priorities of a Canadian radical movement;** for there is scant evidence that an insoluble economic crisis lies ahead of Canada in the foreseeable future, and it seems that nothing short of this would lead to the spontaneous development of a socialist consciousness among the majority of the Canadian people.

Universities should, but do not in practice, offer conditions in which socialist intellectuals may emerge. The organization and nature of Canadian universities in part explain why this is so, and in part suggest why the present situation may soon be changed.

**Canadian universities are not yet as large, impersonal, or corrupt as the larger colleges in the United States. There is so far only one counterpart at most -- the University of Toronto -- to the giant US multiversity, which is an institution defined not only in terms of its numerical size, but also in terms of its diverse Economic functions and sources of income. Multiversities in the United States provide key research services to the public and private sector of the economy -- most conspicuously to the military and the giant corporations that are at the forefront of technological innovation.**

Canadian universities do not, as yet, have quite the same character. In the first place, the branch-plant nature of the economy detracts from the need for research in Canada, and second, the Canadian attitude to education, being more elitist than that of the United States, has tended to put a brake upon the mindless expansion of post-secondary "schooling."

The contradiction between what the liberals claim the university is or should be, and what the modern university has actually become is not nearly as marked in Canada as it is in the United States. **The empire builders within the administration and faculty have not yet made it in the continental "big league."** With very few exceptions, possibly only the University of Toronto, they never will. Their income and research funding is paltry in comparison to that of leading US universities. For example, in 1968, MIT (Massachusetts Institute of Technology) received \$108 million from the Pentagon alone.<sup>14</sup> Social scientists have, perhaps, become the most corrupt branch of the academic establishment. But to my knowledge no Canadian social scientist has received grants for counter-revolutionary research that are remotely comparable to the hundred thousand dollars that David Apter was offered by the US Airforce to study the military implications of his work on the politics of modernization.<sup>15</sup>

For these and other reasons -- such as the questions of enrollment of minorities, the state of ethnic studies, and so forth -- Canadian universities do not contain the explosive elements that are to be found in the United States. Nevertheless, in practice, they are equally opposed to the humanistic tradition which universities supposedly uphold in liberal societies. They are institutions dedicated to schooling rather than to education. The alienation of many students and, indeed, of some of the faculty, accrues from this central fact. Canadian universities are by implication dedicated not to corporate research, but to training the future technosphere that will operate corporate business.

**The most characteristic feature of Canadian universities in recent years has been their Americanization. Among its most pernicious effects has been the "professionalization" of formerly humanistic disciplines.<sup>16</sup> Canadian students are now increasingly taught by faculty whose academic standing is measured by their "professional reputation" rather than by their intellectual abilities. Accordingly, faculty members have become intellectually conservative and loath to engage in controversy that has not been sanctioned by their professional norms. They have ceased to involve themselves in public issues other than in their capacity as paid "consultants." Thus Canadian universities are by and large devoid of intellectual vitality. They have abdicated a crucial function of the university -- that is, the promotion of "*rational and effective social criticism*."<sup>\*</sup> Instead they have become universities and faculties "on the make," obsessed by social and professional status.**

\* Christian Bay, "Academic Government and Academic Citizenship in a Time of Revolt," CUS mimeo., p. 2. The flood of American faculty members that now threatens to submerge Canadian universities will not improve matters

either. They are the model upon which the younger Canadian faculty have based themselves. Moreover, it is perhaps pertinent to note that these American visitors, or immigrants, as the case may be, are overwhelmingly liberal in their ideology. They consist in large part of individuals who either want to take a sabbatical from the United States, or who want to attempt to recreate their American dream in Canada. The fact that they pay no taxes for the first two years would obviously be particularly attractive to them. **Conversely, Canadian university communities have to my mind been greatly enriched by the presence of the handful of US radicals who have come to Canada, but few of them remain here (e.g., Andre Gunder Frank, Mickey and John Rowntree, and Eugene Genovese).**

The tragedy is that the academic staff, far from stimulating the critical faculties of their students, have reinforced, by their own example, the tendency to regard the university as an institution whose main function is to provide one with a "meal-ticket." The majority of students, particularly of graduate students, soon become indifferent "towards anything not bearing directly on one's own academic grades, one's paycheck and one's future career prospects."<sup>17</sup>

**Nevertheless, the universities retain as much potential for radicalism (and hence for the development of socialist intellectuals) as any other institution in Canada. Nowhere is the contradiction between the promise of corporate liberalism, and what it actually offers, so glaring. The university concentrates large numbers of middle-class youth at a time when they are ripe for political reflection, and yet not irrevocably integrated within the American way of life.** On the other hand, as Eugene Genovese has reminded us, universities remain institutions which, despite their ties to the corporate world, are the most tolerant of dissenting values.[18] By their very nature and functions they are likely to remain so. Accordingly, the contradiction between the original aspirations of the hoards of students and the faculty bent on pursuing their private interest will surely become more acute. The clash between the minority of student radicals and the insecure liberal establishment will in all probability lead both to more authoritarianism and to a superficial liberalization of the curriculum. But this will not remove the discrepancy between student expectations and faculty response. The "silent majority" of students may join the faculty and the public at large in calling for more order on the campus; but this will only increase dissent among the radical minority against the established order, and their numbers will increase. Ultimately though, it must be recognized that Canada is neither the Bay Area nor Manhattan. The larger social issues which lead to the military occupation of a campus are absent. We may conclude that although universities will become more overtly conservative as a whole, they do not promise in the foreseeable future to be like Ronald Reagan's reactionary offspring in California.

(...) (*All emphasis by the Web Ed.*)

#### NOTES

1. For the best analysis of the American political economy see Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York, 1966).

2 See Harry Magdoff, *The Age of Imperialism* (New York, 1969), for an analysis of US economic imperialism. See also James Petras, "Notes on Imperialism and Revolution," *Canadian Dimension*, Feb. 1969.

3 See, for example, Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America* (New York, 1969), and Rodolfo Stavenhagen, "Seven Fallacies about Latin America," in James Petras and Maurice Zeitlin, eds., *Latin America: Reform or Revolution?* (New York, 1968).

4 See Irving Louis Horowitz, *Three Worlds of Development: The Theory and Practice of International*

*Stratification* (New York, 1966), pp. 70-1.

- 5 Jacques Ellul, *The Technological Society* (New York, 1964), p. xxv.
- 6 Theodore Roszak, *The Making of a Counter Culture* (New York, 1969), p. 13.
- 7 *The Genius of American Politics* (Chicago, 1953), p. 33.
- 8 Quoted by Harry Magdoff, "The Age of Imperialism," *Monthly Review*, vol. 20, no. 6, p. 36.
- 9 Baran and Sweezy, *Monopoly Capitalism*, p. 337.
- 10 See Perry Anderson *et al.*, *Towards Socialism* (London, 1965), in particular Anderson's essays on the "Origins of the Present Crisis" and the "Problems of Socialist Strategy."
- 11 For appraisals of Gramsci's contribution to modern socialism, see John M. Cammett, *Antonio Gramsci and the Origins of Italian Communism* (Stanford, 1967); Eugene D. Genovese, "On Antonio Gramsci," *Studies on the Left*, vol. 7, no. 2 (March-April 1967); and Alastair Davidson, *Antonio Gramsci: the Man, his Ideas*, Australian Left Review Publications, 1968.
- 12 This phase of the Canadian New Left has come, or is coming to an end. See, for example, Steven Langdon, "Pat-a-Cake Politics," *The Varsity* (University of Toronto) Oct. 31, 1969, and Alan Morinis, "Towards a New Radicalism," *The Seer* (Winters College, York University), Oct. 31, 1969.
- 13 For the distinction between politics and "pseudo-politics" see Christian Bay, "Politics and Pseudopolitics," *American Political Science Review*, LIX, 1 (March 1965).
- 14 **Time Magazine, Nov. 7, 1969. For information on the Pentagon contracts of other leading us universities see the North American Congress on Latin America, Research Methodology Guide, mimeo. Compare, for example, the \$50 million received by Johns Hopkins University in 1966 with the grants for all Canadian universities from the same source. These appear to total under \$3 million in 1969. Canadian Dimension, Oct.-Nov. 1969.**
- 15 *N.A.C.L.A. Newsletter*, vol. 11, no. 5 (Sept. 1968), p. 11. Another American who should be well known to Canadian students, Seymour Martin Lipset, is listed as having received (in spite of his claim to be a "man of the Left") \$95,000 from the Airforce to study the "Implication of Comparative National Development for Military Planning." *Ibid.*
- 16 See Edmund Wilson, *The Fruits of the M.L.A.* (New York Review of Books Pamphlet) for a devastating analysis of the academic discipline of English literature.
- 17 Bay, CUS mimeo., p. 11.
- 18 See Eugene Genovese, "War on Two Fronts," *Canadian Dimension*, April-May 1969, and Eugene Genovese and Christopher Lasch, "The Education and the University We Need Now," *New York Review of Books*, Oct. 9, 1969.
- 19 Gad Horowitz, "Toward the Democratic Class Struggle," in Trevor Lloyd and Jack McLeod, eds., *Agenda 1970: Proposals for a Creative Politics* (Toronto, 1968), p. 244.

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **Oh say, can you see?**

**Frank Peers**

*For some years supervisor of public affairs on CBC radio and television. He now teaches political science at the University of Toronto.*

*(All emphasis by the Web Ed.)*

**Two days before retiring as prime minister, Lester Pearson told Canadian Press: "The industrial and economic and financial penetration from the south worries me, but less than the penetration of American ideas, of the flow of information about all things American; American thought and entertainment; the American approach to everything."<sup>1</sup> This summing up at the end of a political career recalls the warning by Eisenhower who, as he was about to leave office, emphasized the "grave implications" of the United States military-industrial complex. On both occasions the ordinary citizen might have asked, "But where were you when all this was happening?"**

**In Canada as American domination of Canadian entertainment, popular culture, and communications increases, we shall see the world more and more from American perspectives. This is most clearly demonstrated by television, which in the past two decades has been the single most important influence on our customary modes of perception. John Kenneth Galbraith was asked, as an expatriate Canadian, whether his former countrymen need worry about economic domination from the United States. He replied, "If I were still a practising as distinct from an advisory Canadian, I would be much more concerned about maintaining the cultural integrity of the broadcasting system and with making sure Canada has an active, independent theatre, book-publishing industry, newspapers, magazines and schools of poets and painters. I wouldn't worry for a moment about the differences between Canadian or American corporations."<sup>2</sup> But the facts of corporate life result in the subordination of Canadian mass media to the American, particularly when Canadian political authority has been so timid about safeguarding what cultural autonomy exists. And time is running out. Unless we can establish a viable system to produce and distribute Canadian information and Canadian programming under present conditions, the new technologies related to cable, satellite communication, and the electronic video recorder (CVR) (*later known as the VCR --ed.*) will so complicate our range of decisions that the country's broadcasting system will literally be in pieces, and we will find another one superimposed.**

Nationality of ownership in the broadcasting media is not the key question, though it is one that has preoccupied legislators in the past. **The uses to which broadcasting is put, the values of society which it is allowed to reflect, the assertion of public rather than private interests in fashioning and controlling the system -- these are the important issues, and ones which can make the difference between a separate existence for Canadians in the last third of the twentieth century and a loss of their identity in the American melting pot.**

**Without overemphasizing the mistakes of the past, we must take a look at the system as it is: the methods of making governmental decisions, the Broadcasting Act of 1968, the regulatory board (CRCT), the public network and production agency (CBC), the private stations and the private network (CTV), and the cable-distribution companies (CATV); and we must ask, can these elements make up a system to serve Canadian interests? There is in our broadcasting system a dichotomy that results in ambiguity if not contradiction. From our belief in the market system, we have embraced a concept of broadcasting as primarily a market process, a subdivision of advertising; but at the same time we expect broadcasting to be a public service with national responsibilities as a medium for communication and enlightenment. To the extent that the first concept prevails, the Canadian broadcasting system will be subordinate to the American.**

#### **THE BROADCASTING ACT OF 1968**

The present broadcasting act is essentially a modified version of that introduced by the Progressive Conservative government of John Diefenbaker in 1958. Under that act Canadian broadcasting had a troubled history, and it exhibited a less distinctive national character at the end of the ten-year period than it did at the beginning. The 1958 act had established the "two-board" system; the regulating and operating components of public broadcasting were administered by the Board of Broadcast Governors (BBG) and the Canadian Broadcasting Corporation, respectively. The BBG then began to implement the government's policy of licensing two television stations in any "market" that could support them, in order to give viewers in the larger centres additional programme choice. Without any additional measures, this would clearly have had the effect of increasing enormously the amount of American viewing in each community granted a second licence, since the economics of the industry would dictate that the stations fill their schedules with easily procurable material from the United States.\*

\*The production agencies of New York and Hollywood, with big budgets at their command, can recover their costs in the United States market, and any additional sales in the Canadian and overseas markets merely increase their profits. Their film and television properties are therefore offered to Canadian stations and networks at a fraction of what it would cost Canadians to produce similar programmes. Moreover, because of the promotional build-up that is given them, the imported American programmes are especially attractive to both audiences and sponsors. Even the publicly-owned network, the CBC, attempts to meet the competition by scheduling mainly American programmes in prime time. The result is, more American programmes seen over both channels.

In a largely futile attempt to offset this tendency to rely on imports of American programmes, the BBG encouraged the formation of a private television network, CTV, with most of the "second stations" negotiating affiliation agreements. The BBG's authorization did not guarantee the profitability of CTV, however, or the quality of its service. While the individual stations, in the better bargaining position, began to prosper, the network ran into financial difficulty. Eventually, ownership of CTV was vested in the station affiliates.

The problems within the broadcasting system were intensified by rivalries between the two public boards, BBG and CBC, the BBG tending to assume the role of protector of the private stations and of CTV. It was not certain how much authority the BBG had over the CBC; each reported directly to Parliament, and in addition the act did not clearly define their relationship.

In 1963 the Liberal government tried the easy solution of asking the broadcasters themselves what modifications in the system were needed. A "troika" committee was formed, consisting of the chairman of the BBG, the president of the CBC, and the president of the Canadian Association of Broadcasters, Don Jamieson, as spokesman for most of the private stations. Their report to the secretary of state in 1964 showed very little agreement, and a more formal advisory committee was appointed under the chairmanship of Robert Fowler. Its report led to a government white paper on broadcasting in 1966; this in turn was studied by a House of Commons committee which reported in March 1967. A bill introducing a new broadcasting act was given first reading in October 1967, and after further committee consideration and much parliamentary debate, an amended Broadcasting Act was finally given assent on March 7, 1968.

**It took Parliament six months to pass the Broadcasting Act. A number of Conservative and Social Credit members, and especially a maverick Liberal MP, Ralph Cowan, acted as protectors of the private stations and therefore of commercial TV, and their opposition resulted in the dropping of a section of the bill that would have allowed five-year financing of the CBC, rather than annual parliamentary appropriations. As a consequence the CBC is still unable to make long-term plans with assurance, and the government can chop or change the appropriation under the pressures of the moment.**

**At each stage in the generation of the new legislation, attention was drawn to the vulnerable position of Canadian broadcasting with respect to the commanding position held by the American industry. This is the Fowler committee's assessment:**

["] An adequate Canadian content in television programs is unlikely to be achieved by a laissez-faire policy of minimum regulations, governing advertising volume, morality and the like. Economic forces in North America are such that any substantial amount of Canadian programs will not appear on television schedules unless room is reserved for them by regulation. The plea of private stations that they would produce better Canadian programs if they were allowed to concentrate the available money on fewer productions is not supported by the experience in radio, for which there are no specific Canadian content requirements.["]<sup>3</sup>

The report of the Fowler committee was weakened by the subsequent attacks of the private broadcasters, of their journalistic allies, and even of the CBC and BBG, whose conduct of affairs had been criticized severely in the report. Under this onslaught, the Pearson government thought it prudent to dilute Fowler's suggestion for one governing board (the Canadian Broadcasting Authority), and to modify the two-board system of 1958, renaming and strengthening the regulatory authority (the Canadian Radio-Television Commission) (*known as today's CRTC --ed.*) to establish a certain primacy over the CBC board of directors. Nevertheless, in its white paper of 1966, the government recalled that forty years earlier the Aird commission had found unanimity on one fundamental question -- Canadian listeners wanted *Canadian broadcasting*. The white paper continued: "This strong mandate did not arise from any narrow nationalism that sought to shut out the rest of the world or, more appropriately, the rest of the continent, but rather from a clear conviction that the destiny of Canada depended on our ability and willingness to control and utilize our own internal communications for Canadian purposes."<sup>4</sup>

The House of Commons committee reviewing the white paper agreed that "in future, broadcasting may well be regarded as the central nervous system of Canadian nationhood." It asked that the new legislation recognize that airwaves are public property, and that broadcasters be assigned use of these on condition that they serve "the public interest as expressed through national policy." It also urged "a clear legislative declaration of the pre-eminence of the public sector," and a recognition that "the CBC is the principal agency for carrying out public policy through broadcasting."<sup>5</sup>

The Broadcasting Act of 1968 declared that all broadcasting undertakings, public and private, constituted a single system, and that "the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada." It stated also that "programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources," and that the national broadcasting service of the CBC should be "predominantly Canadian in content and character." A more disputed requirement was that the CBC's service should "contribute to the development of national unity and provide for a continuing expression of Canadian identity."<sup>6</sup>

With the new act proclaimed, much would depend on the vigour and conviction with which the CRTC sought to apply it.

#### THE CANADIAN RADIO-TELEVISION COMMISSION

Compared with its predecessors (the BBG, and before that the CBC) the CRTC in its first year showed amazing energy and strength of purpose. It served warning that it was going to watch the performance of stations more critically, and that it intended to prevent excessive concentration of ownership within the communications media in any one area. It refused to renew the licence of a small radio station in Nova Scotia because of its unsatisfactory programme performance; it required the Bassett and Eaton interests of Toronto (Glen Warren Productions, the Telegram, and CFTO) to sell their shares in one of the cable television companies serving the Toronto area; and, in extending the licence of radio station CHSJ, Saint John, for only one year, it implied that it was going to formulate a tough policy regarding concentration of ownership within the media serving a community, CHSJ is controlled by K.C. Irving, who also controls the Saint John television station and who is the owner of ALL English-language dailies in New Brunswick.

Two other cases tested the commission's (and the government's) intention regarding American ownership of Canadian broadcasting enterprises. The act of 1968 restated the general principle that "the Canadian broadcasting system should be effectively owned and controlled by Canadians," and an order in council issued in September 1968 (revised March 27, 1969) directed the CRTC to issue new licences only to Canadian citizens and "eligible Canadian corporations." Existing licence-holders had until September 1, 1970, to conform to the Canadian-ownership requirements. Eligible Canadian corporations, it was said, must have Canadian directors, and four-fifths of the voting shares must be held by Canadians or by companies incorporated in Canada. To close loopholes in this last provision, the CRTC was given considerable latitude in deciding what was an "eligible Canadian corporation," The strictures applied not only to broadcasting stations (radio and TV) but to other undertakings requiring licences under the new act, including cable television companies.<sup>7</sup>

**The first owner to be caught by these provisions was Famous Players, which sought to establish a new company, Teltron Communications Limited, in which Famous Players would hold less than 20 per cent of the voting stock but all the non-voting shares. Famous Players, which owned the largest chain of movie theatres in Canada, was in turn owned by two American corporations, Paramount Pictures and Gulf and Western Industries. Famous Players had additional interests in television and radio stations in Kitchener and Quebec City, and in cable TV systems in over thirty communities, including Toronto, Montreal, Ottawa, and Winnipeg. After inquiring into the implications of such ownership for Canada's "social, cultural and political development," the CRTC refused the application for the share transfers to Teltron, finding the terms relating to voting shares unsatisfactory. The chairman of the commission, Pierre Juneau, also noted that Famous Players over the years had used its theatres almost exclusively to show Hollywood films, and he expressed the fear that its cable TV system would be used similarly as a pipeline for American shows.<sup>8</sup> After the commission's rejection of its proposals, Famous Players prepared to divest itself of some of its broadcasting interests.**

A Windsor radio station, CKLW, was next to feel the restrictive power of the commission, CKLW was owned entirely by a subsidiary of RKO-General Tire and Rubber of Akron, Ohio, which was also the owner of CKLW-TV and several American stations. The CRTC determined that 96 per cent of the radio station's programming consisted of popular recordings selected, for the most part, by American consultants. Sixty per cent of the advertising revenue was derived from Detroit, and two-thirds of the "public service announcements" were oriented to the United States. The station's request for an extension of time in meeting the Canadian ownership requirements was refused, and a similar decision was made for CKLW-TV. It is probable that the John Bassett interests in Toronto will buy the television station, if the CRTC allows it to schedule programmes from both CBC and CTV networks. Such an arrangement would increase the number of Canadian offerings in the Windsor area, but the departure from the ordinary terms of network affiliation may have to be weighed against this.\*

\*In order to protect its programs and the interests of its advertisers, the CBC so far has not allowed its affiliates to receive direct service from another network. This was a factor in the dispute with the BBG over Grey Cup telecasts in 1962.

**It is, of course, necessary that Canadian stations be controlled by Canadians, but that is not a sufficient guarantee that the service they provide will be Canadian. Because of Canada's geographic position, its growing economic dependency on the United States, and methods used to finance and support private broadcasting enterprises on this continent, radio and television programming will largely be supplied from the United States. The American system, which Canada has adopted in part, assumes that programmes will be determined by owners and advertisers in the interests of advertising and the sale of consumer goods.** These factors have a far stronger influence on programming than private ownership of newspapers has on their news content. Partly this is the difference between space and time. The newspaper reader can scan, or pick and choose, or ignore the advertisements if he wishes. In the American broadcasting system, advertising is an integral part of programming, and the broadcaster's aim is to get all the viewers all the time. **The result, as numerous appraisers have found, is that programmes under the commercial system are bland, escapist, slick, entertaining, of and for the moment; catering to the common denominator of popular tastes, intellectually timid and uninventive, repetitive ... and essentially unrepresentative of the national life and culture.**

**Parliament has said that Canadians should have a better service than this. How have its agencies attempted to assure a more positive result?**

#### **CANADIAN CONTENT\***

**The simplest factor that the regulatory authority can measure is the "Canadian content" of the television service. The BBG established a rule, which the CRTC has continued, that at least 55 per cent of all broadcasting time (averaged over a thirteen-week period) on television stations must be reserved for programmes basically Canadian in content and inspiration. There are no minima in "prime time," but from 6 pm to midnight the Canadian content must be 40 per cent.\***

**\*1970 EDITOR'S NOTE** Since the first printing of this book, the CRTC has revised its Canadian-content regulations for television. By October 1, 1971, the broadcasts by private stations in the evening must use at least 50 per cent, and by October 1, 1972, at least 60 per cent, Canadian content. The CBC is required to attain the 60 per cent level by October 1, 1970. A maximum of 30 per cent of programming can come from any one country by October 1972. Furthermore 30 per cent of the music broadcast on AM radio is to be written, composed, performed, or recorded in Canada.

**Although some special events outside Canada "of general interest to Canadians" (such as the World Series) have been included gratuitously in the "Canadian content" category, the regulations in the main have served a useful purpose. We can expect that at least a modicum of programmes on each station and network will be Canadian, and that some of these will be scheduled in the evening hours. The requirement, however, has not been extended to radio, with the result that many stations serve an unending diet of popular music -- songs found to be in the "top forty" of American hits -- interspersed with advertising and snippets of news every hour on the hour.**

**What Canadian content regulations cannot measure is the quality of the programmes offered, their variety or suitability to the needs and interests of the audience. United States television also fails to achieve such objectives. There is a sense in which any regulatory body cannot ensure standards of performance, since creativity -- and conviction -- must come from within. That is why the role of the CBC, as the national programme service, is so crucial. Nevertheless, the Fowler committee thought that something further could be done by the licensing authority. It recommended the establishment of individual station standards of programme performance, which should be made a condition of each station's licence and enforceable as such. To allow this, a totally new section (s. 17) was placed in the 1968 Broadcasting Act. The CRTC has yet to apply such conditions. We will know that it means business when it requires some of the larger and more profitable stations (such as CFTO Toronto and CFCF-TV Montreal) to spend more money and effort on Canadian programming.**

#### **THE PRIVATE STATIONS AND CTV**

**Most people are not aware that in radio and television more money is received by the private stations than by the CBC -- about \$20 million more each year.\* But far less is spent by the private stations in original programming. Public consciousness of the CBC's expenditures arises from its main source of revenue. The revenues of the private stations are not so visible. In 1968 about 93 per cent of their operating revenue came from advertising, paid for ultimately, of course, by the consumer. The CBC received only 16**

per cent of its revenue from advertising; nearly all the rest was from government grants. Taking television alone, the CBC does receive and spend more than the private stations, because of the high costs of television production. But we must remember that CBC programmes are provided not only to its own stations but to three-quarters of the sixty-odd private TV stations in Canada.

**\*In the fiscal year ending August 31, 1968, operating revenue for all private stations, radio and TV, totalled \$195 million, and for the CBC, \$175 million.**

For private owners, television is extremely profitable. There was only a brief period when the stations showed an operating deficit. In 1968 their total operating profit was \$17.5 million. The *average* profit per television station in 1968 was over \$250,000, and for the sixteen largest stations the average profit was \$942,000. Only the smallest stations as a group showed a loss; fifteen such stations had an average deficit of \$3,000. The total profit of \$17.5 million represents about one-sixth of total operating revenue (\$100 million).<sup>9</sup>

**Given the stated objectives of the Broadcasting Act, it is time that the private stations be required to divert some of their profits into original programming for their television audiences. In 1965 the Fowler committee reported: "The private television stations used much ingenuity to produce the few programs they did produce in Canada at the cheapest possible price ... There are some notable exceptions ... but for the rest the systematic mediocrity of programming is deplorable."<sup>10</sup> The situation has not changed noticeably.**

Certainly CTV has not been the answer. From DBS figures we find that all seventeen private stations in Ontario (including CFTO Toronto and CJOH Ottawa -- the two stations contributing principally to CTV -- plus CTV itself) spent only \$1,100,000 in "artists' and other talent fees" in 1968.\* The booby prize for CTV affiliates must go to CHAN-TV in Vancouver. All seven private TV stations in British Columbia, including CHAN, spent exactly \$4,446 on talent fees in 1967!

\*This is considerably less than the amount spent by one private TV station in Montreal (CFTM), broadcasting in French

The result of this niggardly effort in Canadian production shows in the programmes offered by CTV stations to their viewers in prime time. In a typical week in the 1968-9 winter season, CFTO Toronto had 5-1/2 hours of Canadian programming between 7.30 pm and 11.00 pm -- about 22 per cent of the total. 2-1/2 of these "Canadian" hours were devoted to hockey, 1-1/2 to variety, and 1-1/2 to public affairs. The other 78 per cent was given over almost entirely to crime and private eye programmes, variety, situation comedy, and feature films, nearly all produced in the United States.

The Fowler committee looked at the habits of viewing in cities before and after the advent of private Canadian stations where the CBC formerly had provided the only local service, and found a paradox:

**(") In general, the addition of a private station has increased the viewing of American programs ... It seems clear that the advent of private television in Canada, instead of widening the scope of programs (whether American or Canadian) available to Canadian viewers, has merely increased the broadcasting of popular entertainment, mainly of American origin ... Private stations import about**

**twice as many American programs as the CBC. This seems to be the most important factor in the consumption of American programs by Canadians.")<sup>11</sup>**

This situation continues today, with two minor modifications. CTV has slightly improved the quality of its Canadian offerings, particularly in news and public affairs. The other development, less happy, results from the growing commercialization of the system, although Fowler as a businessman was unprepared to admit that it would be so. The Fowler committee recommended that the CBC vigorously pursue its share of the total advertising revenues, setting as a target 25 per cent of the television market.<sup>12</sup> This was regarded as the CBC'S share at that time (1964-5), but to maintain that percentage as more TV stations were licensed would in fact mean hotter commercial competition in the years to come. The government has gladly gone along with this expectation. So it happens that the CBC, in an effort to increase its revenues and to please its affiliates, has stepped up the American content of its schedules in prime time. Its 1968-9 evening schedule was more American than ever, with its best hours given over to "Green Acres," "The Mothers-in-Law," "Bonanza," and "Mission: Impossible."

**The CRTC should be more demanding of CTV and its eleven affiliates which, situated in the principal cities of Canada, are the favoured outlets for national advertisers. For reasons of prestige, CTV may try to increase its coverage to approximate that of CBC and its affiliates.\* The CRTC should not allow this costly expansion but should ensure that CTV's profits are used in production, to carry out the obligation Parliament has placed on these stations to "strengthen the cultural, political, social and economic fabric of Canada." And the government must not bow to commercial interests, or allow their backbenchers to be panicked by the private stations in their constituencies, as has happened on numerous occasions in the past.\*The English TV network of the CBC reaches 95 per cent of the English-speaking population of Canada (34 per cent through its private affiliates). The CTV network's potential is about 77 per cent of this population.**

## **THE CBC**

**It is the CBC's special responsibility to provide a "national broadcasting service that is predominantly Canadian in content and character." The Broadcasting Act of 1968 attempts to ensure that a measure of priority will be accorded the CBC by this general provision: "Where any conflict arises between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, it shall be resolved in the public interest but paramount consideration shall be given to the objectives of the national broadcasting service." The first draft of the act, Bill C-163, had been more specific: "Where any conflict arises between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, the objectives of the national broadcasting service [the CBC] must prevail." The changed wording was suggested by a Progressive Conservative MP, Robert McCleave, to overcome objections by other Conservatives (such as Bud Sherman, a private broadcaster from Winnipeg) that the public interest and the interests of the CBC might not always coincide.**

The CBC television service reaches the public not only through its own stations (ten in English, five in French), but through some forty private affiliates. Not all of the Canadian programming in prime time on CBC-owned stations is carried by the affiliates, since a few of the programmes are local and some others are not in so-called option time -- that is, time reserved for the network service on all stations. English-TV

affiliates carry about 50 per cent of the network service, and French-TV affiliates carry about 80 per cent of the service available. In both cases, the inducement is the popularity of network programmes with local audiences, and also the share of commercial revenue accruing to the station from programmes that carry advertising. There is also an element of compulsion: if the area is not covered by the CBC or by another CBC network affiliate, the station receives its licence only on condition that it secure such affiliation.

In a typical week in the 1968-9 winter season, the CBC's Toronto station, CBLT, had ten hours of Canadian programming during the week between 7.30 and 11.00 pm -- about 40 per cent of the total. The variety of Canadian programming was somewhat better than in the CTV evening schedule: 2-1/2 hours of hockey, 3-1/2 of variety, and 4 of public affairs, science programmes, and a current events quiz programme, "Front Page Challenge." **But not all of the public affairs programmes were carried by the affiliates, and United States "specials" were carried frequently in certain periods normally allocated to Canadian productions.** The CBC variety department is a shadow of its former self, and dramatic productions, on tape or on film, also are in decline. The reasons usually given for this are the increasingly high costs of production; the competition of popular programmes available much more cheaply from the United States; their greater attraction to advertisers for sponsorship or commercial "participation" by a group of advertisers; and the preferences of the affiliates for filmed or other programmes which are given American or "international" promotion.

But there are other reasons for the decline of the CBC English television service that are not so frequently discussed. First, the growing number of television outlets has resulted in the fragmentation of advertising revenues, leaving proportionally less for the CBC. Second, some of the best production and performing talent that developed in the early days of television in Toronto and Vancouver has gradually disappeared -- much of it going south -- and the echelon of managers, now middle-aged and tired, has not discovered and trained new talent to replace the old. Then there has been the effect of the interminable battles that have occurred within and around the CBC. Some of these exhausting disputes arose from the uncertainties of the Broadcasting Act of 1958; some of them were related to Parliament's irresponsible behaviour in an atmosphere conditioned by private interests reaching for new spoils; some of them were induced by weaknesses in CBC top management. It appears that too much has been spent on production facilities across the country (leading to continuing commitments in staff, maintenance, and interest payments on capital advances), on extension of service to areas that are costly to reach (at least through public facilities), and on an inflated administrative apparatus\* **Finally, not only some production personnel but, more important, English-TV network executives evidently have been persuaded by the commercial competition, and particularly by the United States networks, that the commercial model is the natural one for television; that every whim of television production in the United States must be followed and imitated; that ratings are the name of the game; that the revenue from advertising is much more important, dollar for dollar, than the funds provided directly by the public through Parliament. All these influences have led to a schedule (and I am speaking only of English-language television) that is becoming more and more indistinguishable from that of ABC or CTV; the differences are in degree. Even some of the original Canadian programming finds itself caught up more intensely with American rather than Canadian subjects -- American entertainers, American social problems such as race relations, or American poverty, if you please.**

\*CBC accounting methods do not enable one to judge with any accuracy how much money truly is spent on programming. The 1968-9 annual report shows that the television programme service cost \$98 million,

compared with \$18 million for network distribution and station transmission. But the programme costs are cost-accounted in such a way that they incorporate all sorts of "indirect" costs -- for example, the costs of administrative and other personnel only dimly related to the production of particular programmes. The CBC's desire to have a "presence" in each province and region has resulted in establishments that could hardly be justified in any rationalized system of programme production. The former CBC president was a notable exponent of CBC self-sufficiency, and the programme towards that end may have gone forward too fast, weakening the national claim on private-station affiliates.

Still, the hunger for Canadian themes exists, and its manifestations surprise even those doing survey research. It is, of course, undeniable that the majority of "top-rated" programmes, on CBC and on CTV, are American in origin. But that does not say that many of the same people will not watch Canadian productions with interest if they are compellingly done. The major public affairs series attract nearly two million viewers if they are scheduled in option (*optimal, peak viewing* --Ed.) time; the afternoon programme "Take 30" is near the top of the "appreciation index"; and specials such as the national political conventions attract enormous audiences. The filmed dramatic series, "Quentin Durgens, MP," had an audience of over two million each week.

We need not expect Canadian television to do all the kinds of programmes it once did, because television has changed and, more important, Canada has changed. This country sustains much more activity in the arts on a community basis than was true ten or fifteen years ago -- theatre, concerts, galleries and museums, and recreational programmes of other kinds. At one time CBC radio and television were all we had, and undoubtedly they played a part in stimulating and maintaining an audience for such institutions as the Stratford Festival, the large symphony orchestras, opera and ballet, the Manitoba Theatre Centre, and Le Theatre du Nouveau Monde. Now other public agencies have taken over this function at least partially -- the Canada Council, the provincial arts councils, the National Arts Centre, and so forth. The CBC must now find a new role in co-ordinating its activities with such community enterprises, becoming more active in the newer fields of science, technology, urban development, and further education attuned to the post-industrial society. The CBC, in one of the less pleasant consequences of professionalization within the media (relying on professional performers and its own staff to develop and execute programmes), has severed many of its ties with the articulate members of the Canadian society it is supposed to serve. In general, they are no longer involved in network programming. Without retracing old steps, the CBC must re-establish its connections with the community or much of its public support will collapse, as it has shown signs of doing. And this means a renewal of faith in the things it can accomplish as a *Canadian* enterprise: not seeking to blot out influences from the outside, but helping Canadians to see them in relation to their own experiences.

**With the government attempting to slow down inflation and cut public spending, the CBC is not likely to receive increased revenues at the rate it enjoyed in the past five years. Indeed, the Treasury Board is reported to have suggested that the CBC's operational revenues be held constant for five years beginning in 1969-70. This in fact would mean a very drastic cut, because of the built-in escalation in union contracts and so forth, together with the decreasing value of money. The CBC will be pressed to increase its share of commercial revenues by offering its news and public affairs programmes for "participation" spots, and by making its radio service as commercial as its television. These are self-defeating moves, for unless the CBC offers an image that is demonstrably**

**different from that of private television and the American networks (and clearly oriented toward public service), public support for the CBC will retreat and eventually vanish.**

#### **US STATIONS AND CABLE TELEVISION**

American programmes are seen in Canada *mainly* through their transmission by CBC, CTV, and Canadian private stations. But half the population has direct access to stations in the United States, and that proportion will increase with the rapidly expanding systems of cable television. There are approximately twenty-three US television stations lined along the border, some of them clearly placed strategically to bombard Canadians with American programmes. According to surveys by the Bureau of Broadcast Measurement in 1968, total Canadian viewing was distributed as follows:

American stations -- 17 %, CBC English network and affiliates -- 35%, CTV stations -- 19%.

Independent stations -- (e.g., CFTM Montreal and CHCH Hamilton) -- 15%, CBC French network and affiliates -- 14%

**Programmes from stations in the first category were practically 100 per cent American. And given the preponderance of American programmes in the next two categories (CTV and CBC English), especially in prime time, it is clear that most viewing hours were filled with American programme information.**

The most dynamic element in the current situation is cable television (or Community Antenna Television - CATV).

(...)

#### **AMERICANIZATION THROUGH THE MEDIA**

**The quantity of American programmes viewed in Canadian homes, week in and week out, is fairly evident. It is harder to measure the impact of such programmes. Given the present concentration of United States media in the same hands,<sup>15</sup> we can reasonably assume that the messages we receive from American films, magazines, news reports, television and radio broadcasts tend to reinforce one another. With 75 per cent of all Canadian sales, American magazines are clearly predominant, as are American books in English-speaking Canada. And the news sources for Canadian television, radio, and newspapers are in large part American. Without presuming that there is any conspiracy to present a uniform or homogenized pattern of information or message-symbols, one can at least infer that American media will reflect their own national concerns and national interests; and that these will not always coincide with Canadian needs and interests.**

**Edwin R. Black, now director of research for the Progressive Conservative party of Canada, has deprecated the faith that has been placed in the nationality of ownership as an important determinant of the media's content, and he cites the marked similarities between private radio stations on both sides of the border as evidence that such faith is misplaced.<sup>16</sup> Under existing conditions his point is well taken, in so far as Canadians learn to share essentially American value systems, and in particular the myth that the real function of the media is to sell goods and that programmes are essentially a give-away in the marketing process.<sup>17</sup> If these are our values, we may as well surrender to the "private government" of the big corporations and forget about irrelevant political accidents like the Canada-us boundary. The real decisions will then be made in the boardrooms of corporate enterprise, and not in the capitals of our nation or of the provinces.**

**But these were not the ideas on which Canada was founded, and a Conservative like Mr Black should be aware of this. There have been discernible differences in the values customarily held by Americans and Canadians. We have seen these in the ways the two peoples respond to emergencies, in our differing attitudes to government and the public service, in the use of public enterprise and the intervention of the state even in cultural matters, and in our differing notions of community. The media may have blurred these and other distinctions, but they have not yet erased them.**

**Mr Black admits that the maintenance of political independence will depend on the "self-identification of her citizens," but denies that this will require "major distinctiveness in life styles." I am not quite clear what is encompassed by "life styles," but would argue that the viability of the Canadian political system will depend on our developing some common values among citizens of the two principal linguistic communities, and that at the very least such development will call for greater interchange of communication between those communities. These purposes can never be served by American media, or by Canadian media in a flat-out race to imitate the American model in selling the most goods.**

**The CBC has failed by not coming to grips with this central question of our national existence; and in spite of pious pronouncements by successive presidents, the corporation has given up even trying to maintain the dialogue between English- and French-speaking Canadians. The principal reason for this, in television at any rate, is to be found in its commercial preoccupations. We have been told recently that the CBC is going to revise its traditional policy of rejecting sponsorship or commercial "participation" in informational categories of programmes such as news and public affairs and a start has been made in selling spots in programmes covering special events and in documentaries. Presumably it is thought we should accept as commonplace documentaries that will be interrupted by commercials for a dozen products, as Robert Lewis Shayon recounts in connection with an NBC programme on Vietnam: in half an hour, it was sprinkled with commercials for the sale of Peter Pan Peanut Butter, S & H Green Stamps, Geritol tonic with iron in it, Sominex pills for sleep, Johnson's foot soap for tired, aching feet, Lanacane for any itching problem, and Oceanspray Cranberry Juice Cocktail.<sup>18</sup> Up to the present, I have always been persuaded by the arguments that a dose of commercials was the price we had to pay for national programme distribution. The CBC says that in selling more commercials it is in effect buying time in which to present a few more Canadian productions during the evening hours. But if it is doing this at the expense of imitating the American system in toto, then I say the price is too high. It would be better to have an exclusively non-commercial CBC service, and if necessary pay the affiliates to carry part of it.**

**Our mass media, like our other institutions, exist to help us make the right choices and decisions. If the choices are reduced to those that serve the interests of large North American corporations, as the whole tenor of our entertainment programming would suggest, we may as well curl up and attach ourselves to the American marsupial pouch. As John Diefenbaker would say, that was not Macdonald's idea, that was not Carrier's idea, that was not Laurier's idea. Nor is it ours.**

## NOTES

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- 6 Statutes of Canada, 1967-68, c. 25, s. 2.
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*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **Canadian defence policy and the American empire**

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*(All emphasis by the Web Ed.)*

**This paper sets out to examine Canadian defence policy since the Second World War, with particular reference to the development of a continental defence alliance between Canada and the United States. I am concerned with relating Canadian junior partnership in defence to a larger process -- the subordination of Canada to the American empire. For the acceptance by Canada's political and military elites of American direction in the period of the Cold War was linked intimately to the economic development of Canada along liberal capitalist lines, a process which turned Canada into a region in the continental and worldwide American economic system. Moreover, the colonial mentality which characterized Canadian defence and foreign policy vis-a-vis the United States was related in turn to the liberal ideology through which the Canadian capitalist elites viewed, and continue to view, the world. It was only natural that their support of liberal values and free enterprise, combined with their anti-communism, should have led them to define Canadian interests in terms of the American empire.**

The colonialism of Canada's elites predates 1945. Ever since 1867 they have tended to look to the outside for direction and capital, and have identified Canadian nationhood with empire. There were no Noah Websters at the time of Confederation to declare in Canadian terms: "America is an independent empire and ought to assume an independent character. Nothing can be more ridiculous, than a servile imitation of the manners, the language, and the vices of foreigners."<sup>1</sup> Instead, Canada during the first fifty years of her existence was a staunch supporter of British imperialism, while national consciousness, with the exception of the Alaska boundary settlement of 1903, remained all but dormant. For the Canadian elites, a deferential, hierarchical society at home found its logical counterpart in deference to imperial policy abroad.

The First World War, with its large commitment of Canadian men and resources, brought foreign and defence policy home to Canada with a vengeance and served to tarnish the old imperial connection. Subsequently, Robert Borden was instrumental in pressing for the autonomy of the Dominions at the Imperial War Cabinet meeting of 1917, and in securing the admission of Canada to the League of Nations two years later.

It would be wrong, however, to think that the new emphasis on political sovereignty after the First World War meant the disappearance of a colonial attitude on the part of the Canadian political elite. ) Borden set forth the case for autonomy in the following terms: "I am beginning to feel that in the end and perhaps sooner than later, Canada must assume full sovereignty. She can give better service to Great Britain and the U.S. and the world in that way."<sup>2</sup> The dispatch of a Canadian force to Siberia in 1918-19, in support of the Allied intervention, was an early example of the autonomy Borden had in mind.

**If the 1920s and 1930s witnessed growing disengagement of Canada from the British empire, it simultaneously brought an increased Canadian orientation towards the United States. In this period, American investment in Canada soared from under \$500 million in 1910 to over \$2 billion in 1920, and over \$4 billion in 1930.<sup>3</sup> The development of hydro-electric power, pulp and paper, and minerals**

**of the Shield area gave the Canadian economy a new continental direction and allowed American imperialism to dislodge the British. In Harold Innis's words, "Canada moved from colony to nation to colony."<sup>4</sup>**

This shift was reflected in Canadian foreign policy. Mackenzie King's vacillation during what Eayrs, paraphrasing Auden, has called "a low dishonest decade" (that is, the thirties), represented more than a strong isolationism in Canadian public opinion. King appeared to be reacting to a rift in the North Atlantic Triangle, to a divergence of interest between the old imperial power and the new. The international crisis in liberal capitalism, but more particularly, the crisis in Anglo-American relations, lay at the root of Canadian indecision.

Although Canada entered the Second World War at Britain's side, Canadian foreign policy was to regain its equanimity only with the forging of a defence alliance with the United States at Ogdensburg in August 1940 and with subsequent American entry into the war. In its rush to commitments after 1945, Canadian policy sought both to compensate for its hesitations in the 1930s, and to align itself forthright with the United States.\* The bogey of Soviet imperialism was to provide the excuse, and the post-war defence alliance the instrumentality. Liberalism would reinforce colonialism in making Canada a willing ally of the United States in the Cold War.

\*Pearson in a speech in 1944, cited in James Eayrs, "Canadian Defence Policy since 1867," *Studies for the Special Committee on Defence* (Ottawa, 1965), declared: "That collective system which was spurned in Peace [sic] has proved to be our salvation in war." When we bear in mind the passion which Pearson, Escott Reid, and St Laurent brought to the concept of collective security through an Atlantic Alliance a few years later, the internationalism of post-war liberal foreign policy, directed against communism, appears as the other side of the coin from the isolationism and appeasement that characterized that same foreign policy vis-a-vis fascism in the 1930s.

Thus it was not by accident that Canadian policy-makers ignored any threat which the overwhelming power of the United States might represent for Canada. In his important Gray Lecture in January 1947, Louis St Laurent declared: "It is not customary in this country for us to think in terms of a policy in regard to the United States. Like farmers' whose lands have a common concession line we think of ourselves as settling, from day to day, questions that arise between us, without dignifying the process by the word 'policy'"<sup>5</sup> And a year later Lester Pearson vouched for the beneficence of American power in these terms: "The power of the United States in the world, a power now decisive, was established against the will of the Americans, who were quite content without it... It is in the hands of a people who are decent, democratic, and pacific, unambitious for imperial pomp or rule."<sup>6</sup>

When we compare this with the rhetoric which the American political elite used in defence of its empire, a rhetoric laden with liberal terms, the link between Canadian liberalism and junior partnership in the Cold War becomes clearer. Thus in 1967, in defence of US involvement in Vietnam, W. W. Rostow declared:

(")The United States has no interest in political satellites ... We seek nations which shall stand up straight. And we do so for a reason: because we are deeply confident that nations which stand up straight will protect their independence and move in their own ways and in their own time towards human freedom and political democracy ... We are struggling to maintain an open environment on the world scene which will permit our open society to flourish and survive(").<sup>7</sup> It was this same "open environment" which the United States sought to maintain through its policy of containment of Russia and later China, and which Canada

has supported since 1945. American leadership of the "free world" became the basis of Canadian foreign and defence policy.

**Two symbolic dates mark the continental reorientation of Canadian defence policy in the 1940s, and Canada's entry into the American sphere of influence. The first is August 18, 1940, the date of the meeting between Franklin Roosevelt and Mackenzie King at Ogdensburg, at a dark moment of the war, which resulted in the establishment of a Permanent Joint Board of Defence between the two countries. This board was particularly important during the first two years of its operation, serving to mesh Canadian with American defence planning against an anticipated Axis attack. In practice, however, the board confined its activities to the northern half of North America; it involved the United States in the defence of Canada's eastern and western coasts, and in the later stages of the war, of the Canadian northwest. Canada, for its part, had only a minor influence on American and Allied policy and, in fact, became increasingly dependent on the United States for both trade and materiel. The Hyde Park Agreement of April 1941, which co-ordinated the mobilization of resources in both countries, was a corollary to the Ogdensburg Declaration and a portent of increasing economic integration between the two nations.**

The second symbolic date is less well known than August 1940, but is in some respects more important. On February 12, 1947, Mackenzie King rose in the House of Commons to announce an agreement worked out in the Permanent Joint Board of Defence to extend Canada's wartime defence alliance with the United States into the post-war period:

(") It is apparent to anyone who has reflected even casually on the technological advances of recent years that new geographical factors have been brought into play. The polar regions assume new importance as the shortest routes between North America and the principal centres of population of the world. In consequence ... when we think of the defence of Canada, we must, in addition to looking east and west as in the past, take the north into consideration as well(").<sup>8</sup>

**What his listeners did not know was that this agreement was the product of almost a year and a half of discussion in the joint board, and that ever since June 1945, the American military had expressed a strong interest in "the continuing value to continental defence of the facilities developed in northwest Canada during the war."<sup>9</sup> Fewer still were the Canadians who recognized King's sudden interest in the north for what it was - the first step in Canada's defence alliance with the United States in the Cold War.**

There is no space here to trace the steps by which Canadian policymakers yielded to insistent American pressure and in February 1947 accepted the five principles of defence collaboration.<sup>10</sup> Suffice it to say that at the war's end American military planners had already come to see the Soviet Union as a future enemy, and that American diplomacy both in Eastern Europe and over the A-bomb had largely set the stage for the Cold War.<sup>11</sup> Thus if the United States was insistent on defence collaboration with Canada, it was because of the new military strategy which containment of Russia dictated. As General H.H. Arnold declared in 1946, "If there is a Third World War, its strategic centre will be the North Pole."<sup>12</sup>

Canadian policy-makers, while initially wary of sacrificing Canadian sovereignty on the altar of a defence alliance, none the less came to support American military strategy. As early as August 1945,

General Foulkes, chief of the general staff, speaking of defence research, had declared: "Canada's future commitments will lie either in fighting with Empire forces or with the forces of the United States of America ... There appears to be no place in Canada's operations in the future for special Canadian equipment of which British or American commanders may not have full knowledge or experience."<sup>13</sup> To be sure, Foulkes still placed Britain and the United States on a par in his strategic planning in the summer of 1945. By July 1946, however, when Pearson in speaking of the Canadian North could claim that "there is no refuge in remoteness" and that "fear and suspicion engendered in Iran can easily spread to Great Bear Lake,"<sup>14</sup> the United States had emerged as the dominant post-war capitalist power. By November 1946 the principles of the February 12 agreement had been accepted, and Canadian defence policy was becoming aligned to that of the United States.

Mackenzie King in his Commons statement downplayed the importance of these new arrangements and stressed Canadian support for the United Nations. But the significance of the agreement had been underscored by A.R.M. Lower some months earlier: "If Canada wishes to become a subordinate state and even a more complete satellite of the United States than she is at present, the surest road for her to take is to accept American assistance in defending her own territories. Should Yugoslavia accept Russian assistance in defending her Adriatic coast line? We all know the meaning of the answer 'Yes' to that. It is the same with us."<sup>15</sup> **Canada had become a fortress in the American chain of command in the Cold War.**

It was only in the months following the February 12 agreement, after the Truman Doctrine and Kennan's containment policy had been unveiled, that the full scope of Canadian junior partnership in the Cold War became evident. In a speech in Quebec City in October 1947, St Laurent openly revealed his Cold War liberal assumptions: "If theory-crazed totalitarian groups persist in their policies of frustration and futility, we will not, for much longer, allow them to prevent us from using our obvious advantages to improve the conditions of those who wish to cooperate with us."<sup>16</sup> In a major address to the House of Commons on April 29, 1948, he went even further in defining the principle of Canadian foreign policy: "Our foreign policy, therefore, must, I suggest, be based on a recognition of the fact that totalitarian communist aggression endangers the freedom and peace of every democratic country, including Canada."<sup>17</sup>

Nowhere at the time, in either St Laurent's or Pearson's speeches, was there any question of the validity of identifying Canadian with American interests vis-a-vis the Soviet Union. Nor was any consideration given to a policy of neutralism, such as that which Sweden chose to pursue. Instead, the Canadian elite opted for the American camp, disguising behind the catch-word "internationalism" its subordination to American policy.

This rejection of Canadian independence in the Cold War becomes more understandable when one bears in mind the policy of continentalism in economics which Canada's political and corporate elites simultaneously began to pursue. The currency crisis of November 1947, in which Canadian reserves plummeted to a post-war low of \$480 million, revealed the fragility of Canada's capitalist structure. The old Atlantic markets had dried up, and it was to the United States that Douglas Abbott, minister of finance, turned in announcing emergency measures.

Specifically, Abbott announced a temporary curb on imports from the United States and provisions for us Marshall Plan purchases in Canada. But more important, as a long-term policy he stated that the Canadian

government would seek to develop natural resources, to reduce permanently the lack of balance in Canadian-American trade.<sup>18</sup> **Thus the great resource give-away and inflow of American capital of the 1950s was heralded.**

Hume Wrong, Canadian ambassador to Washington and one of the architects of the February 12 agreement, brought home the implications of this policy in an address in early 1948: "We certainly do not want to make the two figures of exports between the two countries equal or nearly equal, for that could only be achieved by a most extreme form of economic nationalism, which would gravely lower the Canadian standard of living."<sup>19</sup> Wrong implicitly rejected economic independence in favour of long-term American development of Canada. Canadian trade with the United States would be balanced in the future by closer integration between the two economies.

Integration in defence policy became a logical counterpart to economic continentalism. Following the outbreak of the Korean War and the mobilization of the Canadian economy and Canadian resources in support of American containment of China, the two would in fact go hand in hand. As American strategy became global, so did Canadian. Brooke Claxton, minister of national defence, was quite candid when he stated "that the best place to defend Canada would be as far away from our shores as possible."<sup>20</sup>

The American involvement in Korea dated back to 1945. In November 1947, on US initiative, a UN Temporary Commission was established to supervise free elections in Korea, thus involving the United Nations in a matter involving post-war settlement among the great powers. Interestingly, Mackenzie King opposed participation by Canada on this commission, "conjuring up visions of Canada's being crushed in a conflict between the United States and the Soviet Union," but he was overruled by his "internationalist" advisers -- that is, St Laurent and Pearson.<sup>21</sup>

Although there had been indications of a slackening of American interest in Korea in late 1949 and early 1950,\* the outbreak of war brought an instant American response. In particular, the United States turned to the United Nations, and pushed through the Security Council a resolution recommending intervention by UN members.<sup>22</sup> This became the ostensible basis for Canadian intervention, involving the dispatch of three Canadian destroyers and a special brigade to serve in Korea.

\*Dean Acheson, in a speech in January 1950, left Korea out in his discussion of those Asian countries covered by the American security umbrella.

The real motivation of Canadian policy was made plain, however, in a statement by St. Laurent on July 19, 1950, in which he declared: "The attack of the North Korean aggressors on South Korea is a breach in the outer defences of the free world."<sup>23</sup> It was as a junior partner in the American empire that Canada was reacting to the Korean War and supporting the containment of communism.

In the fall of 1950, when American rearmament began in earnest, the Canadian government secured \$450 million in supplementary defence expenditures from Parliament. At the same time, in the spirit of the Hyde Park Agreement of 1941, a Statement on the Principles of Economic Co-operation between the two countries was released in October, tightening Canada's economic ties with the United States.<sup>24</sup>

In January 1951 Brooke Claxton predicted a defence expenditure for 1951-2 in excess of \$1,500 million (the final figure exceeded \$2 billion) and listed a whole series of developments, ranging from manufacture of radar and electronical devices in Canada, to manufacture of the F-86 and CF-100, to an increase in military personnel to over eighty-five thousand men. "Defence has become today the biggest single industry in Canada," Claxton declared. In a period of only nine months, eighty thousand defence contracts were entered into by the Canadian Commercial Corporation. Canada's role on the production side was to concentrate on such basic materials as steel, nickel, and aluminum, in line with the needs which the 1952 Paley Report on raw materials and American industrial requirements had outlined for the United States.

Canadian junior partnership in defence was now more explicit. As Claxton stated: ("We are constantly reviewing our territorial defence with the U.S. services because the defence of the North American continent is a joint operation. Our security does not depend exclusively on what Canada does or what the Americans do, but on the sum of our joint effort. *Every cent spent in Canada helps to defend the United States and vice versa. We have the same interests in our common defence*, and from day to day we are making arrangements to strengthen that defence") (*italics in original*<sup>-Ed.</sup>) \$2 billion annually in support of these "common defence interests." At the same time, the Korean War and the American rearmament programme sparked a boom in Canadian economic growth between 1950 and 1957 unmatched in Canadian history.

The stimulus for the boom of the 1950's came wholly from the United States, with the result that the east-west structure of the Canadian economy was fundamentally modified by an almost massive north-south integration. Toward the end of the period Canadian trade statistics revealed the emergence of almost entirely new exports to the U.S. of iron ore, uranium, oil, and nonferrous metals which rivaled and in some cases superseded in size the traditional staples which were sold in overseas markets.<sup>26</sup>

**Junior partnership in defence thus reinforced continentalism in economies, for it was to us capital that the Canadian elites turned in "opening up Canada's treasure house of base metals, uranium, and rare metals needed for the jet age."<sup>27</sup> While helping to finance the defence of the American empire in both Europe and Asia through its own rearmament programme, the Canadian political elite simultaneously imported large quantities of us materiel and capital, until by 1956-7 approximately two-fifths of net capital formation was being financed directly by non-residents.<sup>28</sup> Even as decisions on Canadian resources and development came to be made most often in the United States, so too decisions on defence increasingly were made outside the country.**

Canadian foreign policy over NATO and Korea had already shown the way. Only rarely did Canada seek to dissociate herself from American actions, as in a speech which Pearson made but two days before Truman's firing of MacArthur: "The days of relatively easy and automatic political relations with our neighbour are, I think, over... Our preoccupation is no longer whether the us will discharge its responsibilities but how she will do it and how the rest of us will be involved." In the same speech, however, Pearson expressed the real substance of Canadian foreign policy, its underlying support for American actions: ("We should be careful not to transfer the suspicions and touchiness and hesitations of yesteryear from London to Washington. Nor should we get unduly bothered over all the pronouncements of journalists, and generals, or politicians which we do not like, though there may be some, indeed are some on which we have the right to express our views ... More important, *we must convince the United States by*

*deeds rather than merely by words that we are, in fact, pulling our weight in this international team (")  
(italics in original –Ed.)*<sup>29</sup>

Why show suspicion towards Washington when one shared the ideological outlook of American policy-makers, welcomed American capital to Canada, and defined Canadian interests in terms of American willingness to lead the free world? With brigades in Germany and Korea, with high defence expenditures, Canada was indeed pulling her weight in the defence of the frontiers of the American empire. Measures for continental defence would not lag far behind.

With the exception of several cold weather manoeuvres in the far north, the agreement of February 12, 1947, was not given immediate priority. The explosion of a Soviet A(*atomic*)-bomb in September 1949, however, ended the American nuclear monopoly, and gave the defence of the North American continent, where the US nuclear force was concentrated, a new importance in American military strategy. Soon a new round of militarization of the Cold War began, leading to the installation of three radar networks in Canada between 1951 and 1957, and to total subordination of Canadian defence policy to that of the United States.

Discussions regarding the first of the radar lines, the Pinetree Line, began in the Permanent Joint Board of Defence in 1949. The line, to be built along the Canadian border, was equipped both to detect and to intercept approaching aircraft. The line would almost certainly have remained beyond the realm of military or financial feasibility, had the Korean War not broken out. In August 1951, however, an exchange of notes between the Canadian and American governments formalized the agreement to build the line at an ultimate cost of \$450 million, split two-thirds -- one-third between the United States and Canada.<sup>30</sup>

The second line, the Mid-Canada Line, was begun even before the Pinetree Line was completed. It was entirely Canadian in equipment and financing, to the tune of \$170 million. **The third and most important line, the Distant Early Warning Line (DEW), was entirely American in inspiration, and originated in a study carried out for the US Air Force at the Lincoln Laboratories of MIT (Mass. Institute of Technology) in 1951-2.** The explosion of a Soviet H-(hydrogen nuclear) bomb in August 1953 triggered American action, resulting in National Security Council Minute 162 judging the Soviet threat to be total, and recommending much greater efforts to improve continental defence.<sup>31</sup> **Eisenhower's first visit to Ottawa resulted in "complete agreement on the vital importance of effective methods for joint defence"; a year later, in November 1954, the decision was announced to proceed with the construction of a distant early warning line.**

The costs of financing, about \$450 million, were to be borne exclusively by the United States, and US personnel were to be stationed in the North. Elaborate provisions regarding Canadian sovereignty were included in the DEW Line Agreement, but in effect Canada was reduced to providing the real estate while the United States provided the policy.

Ralph Campney, the new minister of national defence, articulated a Canadian defence policy based on protecting the American deterrent: ("... it becomes essential that greater efforts be put forward immediately in strengthening the defences of this continent because North America is the base from which operations for the defence of Europe can be supported and also because of the necessity of protecting the thermonuclear retaliatory capacity of the United States, which provides at the present time probably the greatest single deterrent to war").<sup>2</sup>

**Canadian spokesmen refused to admit that the American deterrent was part and parcel of a forward strategy which the United States was pursuing around the globe. American concern with continental air defence became ipso facto a Canadian concern. The defence of the centre of the American empire was the defence of Canada. Well might Eisenhower declare in 1954: "Our relations with Canada, happily always close, involve more and more the unbreakable ties of strategic interdependence."<sup>33</sup> As the Cold War entered its second decade, interdependence led to integration of the RCAF itself into a USAF command.**

**The decision to establish NORAD, the North American Air Defence Command, in the summer of 1957, marked a high point in the loss of Canadian freedom of action in the military-strategic field. For by agreeing to an integrated headquarters in Colorado Springs to plan and oversee continental air defence, Ottawa recognized that control over that air defence "had to all intents and purposes passed to the United States as the major partner in the combined command."<sup>34</sup>**

The pressure for NORAD originated with the USAF, which had already set up a Continental Air Defense Command in September 1954 and naturally was eager to extend its scope to embrace the whole of North America. The Canadian military, especially the RCAF, had acquired the habit of working with the Americans ever since the Second World War; and they regarded the arrangements for Arctic defence worked out in 1946-7 as a "weak compromise" which had failed to come to grips with "the realities of a Soviet air attack on this continent."<sup>35</sup>

In 1956 a joint us-Canadian military study group was set up to prepare the groundwork for a joint command, and the recommendation of this body became in turn the basis for NORAD. By a quirk of electoral fortune, it was the ostensibly nationalist Conservative government of John Diefenbaker, newly elected in June 1957, which accepted the agreement on August 1.

General Charles Foulkes later confessed that the Canadian military had "stampeded the incoming government with the NORAD Agreement."<sup>36</sup> But Howard Green has admitted that although the new government might have taken a harder look at the proposed air defence command, in the end it would have been forced to accept it.<sup>37</sup> The Conservatives, no less than the Liberals, were opposed to a policy of neutralism for Canada. Diefenbaker was as insistent as Pearson in maintaining that "Canada by herself cannot provide adequate defence in a modern war ... Our close relationship geographically, with the U.S. makes it natural that we should join together."<sup>38</sup> Ideologically strongly anti-communist, and a firm supporter of a capitalist Canada depending on a massive infusion of American capital,<sup>39</sup> Diefenbaker was ill-prepared to reverse the pattern of junior partnership in Canadian defence policy.

**Through NORAD Canada went beyond merely offering her territory for radar installations or communications facilities. The RCAF had in fact become "a colonial military instrument serving the nuclear strategy of the United States."<sup>40</sup> On the pretext of being consulted by the us officer commanding NORAD, previous to the interception of hostile aircraft, Canada ensured well-nigh automatic involvement in any American measures relating to continental defence.**

The parliamentary debate of May 1958 failed on the whole to come to grips with the real implications of NORAD. Both Diefenbaker and Sydney Smith chose to emphasize the element of joint consultation which

MPRAD provided for, overlooking the fact that in an alliance between a great power and a small one, the power relationship, not the forms of sovereign equality, determines its real character. The opposition, for its part, argued strongly for the need to link NORAD to NATO, as though an alliance set up to foster the American military presence in Europe could somehow alter the subordination flowing from continental air defence.

*Only Bert Herridge, CCF member from Kootenay West, drew attention to the future consequences of NORAD during the debate. He stressed the increased economic dependence of Canada on the United States that would follow in connection with the design and production of military equipment. He interpreted Sydney Smith's announcement of May 21, 1958, regarding surveys to establish Semi-Automatic Ground Environments (SAGE) in Canada to bolster radar defence, as pointing to the acquisition of Bomarc. And he foresaw the Defence Sharing Agreement of 1959 in his prophetic observation: "The future pattern may well be that Canadian industry, if it is to get any share at all in the production of new and complex equipment needed in the air defence of Canada, may have to be satisfied with participating as sub-contractors in large us production programs."<sup>41</sup>*

NORAD, in effect, entailed the complete acceptance of American strategic doctrine, where Canadian defence policy was concerned. At the time of the NORAD negotiations, Tom Kent, future executive assistant to Lester Pearson, wrote: "The first essential interest of Canada in the world today is the security of the United States; that takes overwhelming priority over everything else in Canada's external relations."<sup>42</sup> On the military side, NORAD demanded a fairly high commitment of air defence forces by Canada in succeeding years. Not only would the radar lines have to be modernized, but also Canada would have to embark on costly arms purchases in the United States, necessitating, as Herridge had predicted, economic integration in defence production between Canada and the United States -- that is, an end to independent Canadian production. At the same time, the new weaponry would require nuclear armament, forcing Canada in the end to compromise her concern for non-proliferation of nuclear weapons and disarmament, in the name of NORAD's nuclear strategy.

Between 1958 and 1961, Canada's continental defence alignment with the United States took shape, SAGE electronic equipment was installed in the Canadian air defence system to increase the efficiency of the Pinetree Line and to prepare for the introduction of Bomarc. The Bomarc itself was acquired, in line with American estimations of a manned bomber threat to North America, though a substantial body of opinion held that both SAGE and Bomarc would be obsolete by 1962-3, the dates they were scheduled to become operational. The Lockheed F-104F (Starfighter) and the Voodoo F-101 were acquired for the RCAF, both requiring nuclear weapons. While Howard Green was firm in his moral opposition to nuclear weapons, and Diefenbaker insistent that "Canadians wish to make their own decisions in international affairs,"<sup>43</sup> the government, by accepting NORAD and the nuclear weaponry to go with it, surrendered Canadian freedom of action in defence and painted Canadian defence policy into a nuclear corner.

The Cuban missile crisis was an acid test of the automaticity of NORAD. For, despite Diefenbaker's refusal for forty-eight hours to sanction the alert, he was powerless to prevent it. Five years later, an American official, recalling the crisis, admitted: "It wasn't as bad as it looked. This was because the Canadian forces went on full alert despite their government. But this is a hell of a

way to operate."<sup>44</sup> The Canadian military, in the crunch, was prepared to accept its orders from Colorado Springs, rather than Ottawa.

The fall of the Diefenbaker government in February 1963 was itself a reflection of the constraint which NORAD had placed on Canadian policy. Once Lester Pearson had made his dramatic reversal of January 1963, and argued that the government "should discharge its commitments ... by accepting nuclear weapons for those defensive tactical weapons which cannot be effectively used without them,"<sup>45</sup> Diefenbaker's procrastination became untenable. Unwilling to come out in support of a policy of neutralism, he fell victim to the logic of the State Department, arguing: "A flexible and balanced defence requires increased conventional forces, but conventional forces are not an alternative to effective NATO and NORAD defence arrangements using nuclear-capable weapons systems."<sup>46</sup> Given a policy of junior partnership, Pearson's position was the only logical one. Nuclear virginity was incompatible with continental integration around a nuclear strategy, NORAD led irrevocably to nuclear weapons.

Although the nuclear weapons question had generated much controversy in the early 1960s, most of the opposition died down once the Liberals returned to power in April 1963, and allowed nuclear weapons onto Canadian soil. Indeed, as the importance of bomber defence began to decline in the middle 1960s, with the advent of the missile era, there was less tendency in Canadian public opinion to see NORAD as a reflection of Canadian colonialism vis-a-vis the United States.

But there was no inclination on the part of the Canadian political elite to scrap NORAD when the agreement came up for renewal in May 1968. Although as early as 1965 US secretary of defense MacNamara had told a House of Representatives committee that the radar systems in Canada were either obsolete or of marginal value to overall American defence,<sup>47</sup> Canadian spokesmen continued to hold that the continental defence arrangements "provide security, which is the basis of independence."<sup>48</sup> The Americans for their part were prepared to continue NORAD as a hold-back line, and saw the agreement as providing the United States with a framework to continue overflights into Canada, and the use of Canadian facilities for testing and deployment. They found the Canadian government a pliant partner.

Paul Martin rationalized the renewal of NORAD "as the only option compatible with Canadian sovereignty."<sup>49</sup> Given this mentality, we can understand how Canadian foreign policy-makers could lend support to American policy in the Dominican Republic\* and Vietnam, and continue to style itself independent. In defence, as in foreign policy, the colonial mentality is self-imposed. The Canadian political élite is prepared to give freely what in Czechoslovakia has to be imposed -- fealty to imperialist power.

\*Pearson, for example, shortly after American intervention in the Dominican Republic, declared: "We have received evidence that there are indeed communists in the directing group who are controlling that particular group seeking governmental recognition (i.e., Caamaño) *House of Commons Debates*<sup>50</sup> May 11, 1956, p. 1152. Paul Martin, in response to criticism of the US intervention from some NDP quarters, a few weeks later said: "It is easy enough to criticize countries which bear the brunt of responsibility when dangerous situations develop. Such criticism might best be directed at the imperfections in our international arrangements." *House of Commons Debates*, May 28, 1965, p. 1776. Of such legalism and moralism is the stuff of Canadian junior partnership made.

As General Foulkes expressed it: "Canada has now always agreed with U.S. strategic policies, but it is usually frank enough to point out its views, and is staunch enough to support any challenge to our North American way of life."<sup>50</sup> In this support of "our North American way of life" against Russia, against China, in the extension of the American empire in Latin America and in Asia, lies the key to Canadian junior partnership, and to her membership in NORAD

**NORAD represented the culmination of the process whereby Canada accepted American strategic and military direction in her defence policy. In turn, however, continentalism in defence policy reinforced continentalism in defence production and led to the Defence Sharing Agreement of 1959, entailing tight Canadian dependence on the American market in the production of defence commodities. This agreement, even more than NORAD, became in the late 1960s a symbol of Canada's growing involvement in America's imperialist policies through the mechanism of continental defence, and an acid test of the political subordination that follows in the wake of military and economic subordination to a great power.**

Continentalism in defence production dated back, of course, to the Hyde Park Agreement of 1941, and was in turn reinforced after the outbreak of the Korean War in 1950. In the early 1950s Canada in fact developed a fairly sophisticated defence industry, so much so that she embarked on the development of the CF-105, a supersonic jet fighter, by herself in the early 1950s. The cost of the Arrow became prohibitive by 1958-9, and in the absence of American sales (reflecting the insistence of the American military-industrial complex on producing its sophisticated weaponry at home), Diefenbaker was forced to cancel production.

**The Arrow had been designed to stave off a bomber threat to North America -- that is, had been conceived of in terms of a continental, rather than a Canadian, strategy.** With the establishment of NORAD, integration of defence policy had been carried a stage further, and it was only natural that the Canadian government, faced with the dislocation of its aircraft industry, should have seen integration of Canadian defence production with American as a veritable *deus ex machina*. In his statement cancelling the Arrow, Diefenbaker observed: "Under the irresistible dictates of geography the defence of North America has become a joint enterprise of both Canada and the United States. In the partnership each country has its own skills and resources to contribute, and the pooling of these resources for the most effective defence of our common interest is the essence of production sharing."<sup>51</sup>

**From the American point of view, the Defence Sharing Agreement was a useful concession, greatly strengthening Canadian economic dependence on the United States. While tariffs and the Buy American clause were eliminated on Canadian bids for US military contracts, American policy-makers probably also saw in the agreement a check on any hypothetical bid by Canada for freedom of action in the foreign policy field. The Vietnam war was to bring this point forcibly home.**

**Elsewhere, I have dealt with the workings of the Defence Sharing Agreement in the 1960s, and Canada's increasing involvement in arms sales for Vietnam.<sup>52</sup> Here, it is enough merely to draw the implications of continentalism in defence production for Canadian defence and foreign policy.**

**Lester Pearson is himself the most damning witness in this regard. In his reply to the request by professors at the University of Toronto in January 1967 that Canada ban all further arms sales for**

**Vietnam, Pearson made clear the overall continental framework within which Canadian policy operated:**

**(") It is clear that the imposition of an embargo on the export of military equipment to the United States, and concomitant termination of the Production Sharing Agreements, would have far reaching consequences which no Canadian Government would contemplate with equanimity. It would be interpreted as a notice of withdrawal on our part from continental defence and even the collective defence arrangements of the Atlantic Alliance(").<sup>53</sup>**

In the context of the Vietnam war this meant that Canada would continue to support the United States and abstain from any measures which might detrimentally affect her long-term relationship with the United States, Pearson stated this on another occasion: "In concrete terms, and on the Canadian side, this means that we shall support the United States whenever we can and we shall hope that will be nearly all the time."<sup>54</sup>

**Thus, the economic stake in continentalism served to reinforce the military one. The North American continent, one for purposes of defence since 1945, was no less one where defence production was involved. Canada could not disengage from integration in weaponry without grave consequences in the short run to her capitalist economy.** Nor could she turn her back on the sophistication and expertise of the United States in military production, given her dependence for over twenty-five years on American research and development. **The Swedish model of an independent industrial base and an independent defence industry was well-nigh unrealizable in Canada in the late 1960s, short of a concerted national policy to Canadianize and socialize the economy.** Despite **Walter Gordon and the Watkins Report, the Canadian political and corporate elites were no more prepared now to support economic nationalism, even in a capitalist form, than they had been a decade or two previously.**

It is here that we come to the roots of the whole process of continentalism in the post-war period, and to an understanding of Canada's position within the American empire. For unlike the sentimental nationalists who abound these days, not least within the ranks of groups such as the University League for Social Reform, I view the process of continentalism as having been unavoidable, once granted the premise of a liberal capitalist Canada.

Intellectually, Canadian liberals were incapable in 1945 of seeing liberal America, the source of their inspiration, as a rising imperial power. Economically, a capitalist Canada which was part and parcel of a world economic system-dominated by the United States could not have developed on its own. The vision of its corporate elite was too narrow, its domestic market too small, to have a vibrant capitalism; only American capitalism, with its growing empire and dynamic military-industrial complex, could put to use the natural resources which became the basis of Canadian development. Politically, therefore, Canada's liberal elite had every reason to opt into the Cold War and to link Canada's interests to the American star.

To fail to see these connections is to blind oneself to contemporary reality. For the liberalism of a Trudeau can no more break with the American pattern than the liberalism of a C. D. Howe. The imperatives underlying foreign and defence policy are in Canada's case rational, not emotional. The interests of

Canada's liberal elites continue to dictate an open capitalist society, closely linked to the United States. If here or there Canadian policy may show greater independence, on fundamentals her capitalist structure dictates junior partnership.

**There is no point therefore in talking vacuously about an independent Canadian foreign policy\* or neutralism in defence, unless one relates these structurally to the nature of Canadian capitalism. Nor does the "Americanization of Canada" mean anything unless one sees Canadian membership in the American empire and support for American imperialism as a reflection of her elites' liberal capitalist ideology.**

\*The majority of essays in S.H.E. Clarkson, ed., *An Independent Foreign Policy for Canada* (Toronto, 1968), do precisely this, avoiding any mention of the capitalist basis of continentalism and colonialism in Canadian foreign policy.

*The alternative to the empire, today as in 1945, is not sentimentalism but socialism. Only a socialist economy can avoid extreme dependence on the American market, both for trade and for capital. Without our underestimating the difficulties she would have faced, both within and from outside, a socialist Canada could none the less have laid the basis for economic independence, the necessary precondition for political independence.*

*Moreover, revolutionary socialism alone would have provided the rationale for neutralism in the Cold War. Rejecting capitalism on the one hand, Stalinism on the other, a socialist Canada might have been able to play a vital role in the easing tension between the two blocs, by unilateral disarmament of the North, for example. At the same time, she could have been much more forward in her support of the liberation of the third world from all imperialism, including Canadian capitalism. (NB: special emphasis on this clarity of thought, by the Web Ed.)*

Whether neutralism would have allowed Canada to reduce her overall defence expenditure is another matter. Much would have depended on the reaction of the United States. But armed neutrality in support of Canadian independence would have provided Canadian defence policy with a *raison d'être* quite different from continentalism in support of the American empire.

**The real threat to Canada since 1945 has come from the south, not the north. And it is our liberal capitalist elites, in their pursuit of continentalism, who have let American imperialism into the gates.**

*(Amen -- such is the wisdom of small-nation nationalist sentiment in this age -- Web Ed.)*

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*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

## **Binding Prometheus**

Abraham Rotstein

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*(All emphasis by the Web Ed.)*

**Of all peoples on earth, Canadians are least able to understand the process of Americanization. America is total environment: it envelops us as a mist, penetrating every sphere of our cultural, political, economic, and social environment. For that very reason we seem to feel powerless, unwilling and unable to achieve the perspective necessary for an appraisal of our situation. It sometimes seems as superfluous to ask what should be done about the Americanization of this country as it is to ask what should be done about the weather.**

It may well be that an assessment of the ground that we have already lost and of the process which continues to overwhelm us would lead any objective observer to declare "game over" in the battle for Canadian independence. But there is a moment at which the purging of illusion and even the deepest pessimism can beget the firmest resolution to survive.

**The global significance of this country's fate should not be overlooked. Americanization is today a worldwide process and Canada is both the sharpest example and the clearest early warning system to many countries who are still on the fringe of a universal process that is proceeding with enormous impetus. A global perspective may also offer a better focus on our own dilemma. A preoccupation with Canadian-American relations as a bilateral process tends to create a mood which is introverted and myopic. We are thus inclined to miss the salient features and forces that transcend this bilateral relationship while still having a substantial effect on it. I refer particularly to the political and social consequences of industrialization as carried forward by the present thrust of the multinational corporation. It is the latest episode of the interplay of society and the machine.**

The global expansion of the multinational corporation, usually sired by an American parent, can be seen by the historian as the New Mercantilism. The older mercantilism (roughly 1450-1750), spear-headed by the innocent wares of trade, carried the first European global thrust to the shores of the outlying continents of the world. Europeans established small trading enclaves and engaged in a very restricted operation in relation to local host countries in Asia and Africa. (The Americas, of course, had a very different history.) The innocence of this relationship was lost by the latter part of the nineteenth century when the expansion of Europe had militated for a total political domination of Asia and Africa in the period of economic, cultural, and political subjugation of colonialism. Nevertheless, for periods approaching two hundred years, small coastal states successfully contained and regulated the European mercantilist enterprises and effectively preserved their own national independence.

The thrust of the New Mercantilism is not that of trade but of technology, and in that sense it carries the life blood of the emerging technological society. The nature of the threat which this poses to national independence is of an entirely different order than the earlier instance of trade. A different appraisal of the situation is needed and a number of new measures will be required for the containment of the process.

**What we must consider the one most significant area(s) of this threat to national independence is the virtual monopolization of new technological development in the hands of the American multinational corporation which has become the single most dynamic economic force of our time.** The value of the production of all multinational corporations in countries outside their home base in 1967 exceeded \$214 billion. This makes the aggregate production of these corporations abroad the third largest economy in the world, second only to the domestic economies of the United States and the Soviet Union. To throw further light on the magnitudes involved, this production exceeded the total volume of world trade in 1967 (according to figures from GATT) and exceeded as well the combined gross national products of the United Kingdom and Japan. **One forecast by the International Chamber of Commerce suggests that multinational corporations abroad will grow at a rate of no less than 27 per cent per year.**

**Obviously this is the major challenge to the independence and national integrity of countries such as Canada.**

This paper attempts to seek out what is in the industrial experience of western societies that may offer some basis for action and for hope without illusion in our present circumstances. Our itinerary roams far afield, our argument is condensed and elliptic, not to say arbitrary, and the possibilities that are sketched out for Canadian independence against the tide of Americanization are at best intuitive. An uncompromising assessment of the Canadian political psyche must go hand in hand with an appraisal of the chequered course of the industrial experience of the West. **There are grounds for believing that no determinism whether economic, ideological, or technological can properly encompass or predict the social, political, and moral eruptions which we have already witnessed in the unexpected century and a half of the machine age. Hope rooted in the tides of both historical experience and historical uncertainty may be brought to bear on the present impasse of an eroding Canadian independence.**

## **I. THE FIRST INDUSTRIAL REVOLUTION**

Americanization and industrialization today are closely intertwined and require a historical perspective to appreciate the range of forces at work. Discussions of the consequences of industrialization tend to centre on the confining effects of the machine on social existence, the tendency for a proliferating bureaucracy to force daily life into a straitjacket. In backward perspective, however, other forces can be discerned; some social effects veered in exactly the opposite direction. Three main phases can be discerned: the immediate social consequences of the industrial revolution in Europe, the effects on the colonies, and the larger tidal wave of moral forces that were released later in the nineteenth century.

(...)

**The impact of the industrial revolution on the colonial areas of Asia and Africa had a different history.** For the first centuries of European contact with outlying countries, the European presence was limited and strictly confined to trading enclaves in coastal areas. Numerous examples exist in West Africa

and on the Malabar Coast of India. Local rulers maintained full sovereignty and jurisdiction even though Europeans were from time to time engaged in political and diplomatic intrigue in the areas in which they landed and traded. On the whole, this assertion of sovereignty, the creation of a body of restrictive regulations by local rulers in regard to foreign European merchants, safeguarded their societies from the disruptive effects which were to come later.

The collapse of indigenous regimes came in a great rush roughly after the middle of the nineteenth century. European powers seized political control of the Asian and African continents, each rushing to carve out a sizable empire. Complex political forces were at work, but certainly one of the features of this rush to colonial empire was the attempt to secure total control over land areas which were producing the growing volume of raw materials needed to feed the European industrial machines. Another consideration was the large markets represented in these areas for European manufactured goods which were forthcoming in a torrent of new production, following the widespread industrial organization of European economies. But it required the force of arms to achieve the end of local independence.

In the present period, in a second and much more powerful round of what we may call the New Mercantilism, the moral of this story should be apparent. The new multinational corporations threaten the survival of the indigenous cultures and political integrity of the countries which they penetrate. Again, a well-conceived programme of regulation and careful accommodation should go far to limiting and restricting these effects of the second round of global penetration, whose result is rapidly becoming the Americanization of the globe. The areas of economic regulation and control may range widely: the policies of these multinational corporations in regard to local management, the extent of domestic production facilities and export policies, the participation of local capital and entrepreneurs, policies in regard to expansion and new investment, and finally the protection of the local country from the extension of American law through extraterritorial legislation.

This type of broad approach may benefit from the lessons of the first round of mercantilism at the margin of Europe. There was in these areas a vigorous stand-off relationship whereby chartered companies and trading agencies were confined and restricted in their operations. They had specific rights and they were met by an existing legal and political containment, which was amazingly strong even in the very small African potentates and in the small principalities of India. Countries such as Canada and other Western European countries should be able to muster at least as much initiative and imagination in the protection of their own independence and cultural survival as was demonstrated over a century ago by much weaker and often semi-literate small countries.

The third important lesson to be drawn from this first round of industrialization concerns the unexpected release of new moral forces within Europe itself which resulted in the transformation of traditional societies to the beginnings of what we now call modernization. In backward perspective it would appear that tidal forces of a moral and ideological character arose, which altered the most basic assumptions on which society was organized and had dramatic effects on institutions and life-styles at the grass-roots level. It seemed that a strange dialectic with the machine released these new forces to create the modern West. The institutional change was enormous: the rapid development of mass literacy, mass education, universal suffrage, the development of new forms of public opinion and communication such as the daily newspaper, and a much more democratic and responsive society moving forward from the control of the traditional aristocratic elites which had been at the helm of European countries for many centuries. It is at this level

that the lasting effects of the first machine age can be perceived. New premises of democracy and freedom and new axioms of political theory became an unexpected heritage of industrialization.

Summing up, the social history of the first century and a half of the machine offers a curious perspective. It began in such areas as the early Manchester of the 1840s, with the gin mills, the shocking conditions in the factories, the disruption of local networks of welfare and protection in society. In turn, a series of counterforces emerged to the point where a new conception of life and society eventually burst the bonds of the confining elements of the market economy. This should offer some evidence of the strength of the inner resources which the human social response may bring to bear at the present juncture, as globe-girdling networks of computers and complex technological processes penetrate once more in a second global invasion under the aegis of the American multinational corporation.

## **II. THE SECOND ROUND: MESSIANISM v. DESPAIR**

**Two divergent faiths confront the new technology today: a fervent messianism and an absolute despair.**

For the adherents of the first faith, the new global thrust of technology has become identified as the very essence of progress. This tradition rests on a curious marriage between a messianic strand long characteristic of western thought, and the feeling that technology itself is the main vehicle for the establishment of the good life which is embodied in our vision of "the end of days." The feeling is widespread today that any new discovery in science or technology and any mechanical or electronic advance that promises a greater degree of efficiency can only bring us closer to that future. The notion abounds that as we ride the crest of an ever-proliferating technology, we ride the light and the progress which is the promise of our civilization. In a world of growing urban chaos, ecological devastation and pollution, and the nuclear threat, such a view needs no lengthy rebuttal.

The second group regards the stringencies of the new technology with the deepest pessimism. At stake is not only the independence of individual countries but the survival of the major values of western society. Modern bureaucracy, necessary for co-ordination and control of technology, has become a network of anonymous tyranny, the chief threat to the continuity of a tradition of freedom. The institutions which are the spearhead of this technology, such as the multinational corporation, easily displace and shatter indigenous cultures in the course of the technical onslaught.

Simplistic answers fail to meet the situation. The trite observation that "man has created technology, and so he can control it" does justice neither to the complexity of the accompanying social organization nor to the stringency with which we have committed ourselves to ongoing technological change. Technology is not born naked in the world but in a social context. There are questions of who controls technology, how technological change is co-ordinated, how technology expands and renews itself, and how its costs and benefits are distributed. These questions require an institutional solution, for they deal with the social cocoon in which technology is nurtured. Technology, in short, comes in a social and political package which necessarily will determine its consequences. The demands for proper co-ordination of the various inputs, raw materials, information, and the proper ordering of society in order to accommodate complex mechanical and electronic systems produce a stringency of their own. The feeling arises of man encompassed in a bureaucratic network running away on its own tracks.

Realism is needed in appraising the depth and complexity of the problem, but total despair may be premature. In so far as we find that the new technology is clothed in the laws and values of the Stars and Stripes, we are still able to counter and to contain, even if only in the near-term, the special effects and political thrust of the multinational corporation. The creation, at least through close regulation, of the equivalent of the old enclave for the multinational corporation is still possible. But it is sentimentality of the first order to pursue a policy, as has recently been followed in Canada, of enlisting the corporation in a set of "guidelines" for good corporate behaviour on a voluntary basis. This is only the latest example of the consistent history of uncertainty and vacillation in regard to the question of the multinational corporation. We have been preoccupied with only one set of consequences, namely the economic boon which these corporations offered to the development of the Canadian economy.

It must appear to be the greatest of paradoxes for a foreign observer to note the passive and quiescent way in which Canada has dealt with the penetration of its economy up to the present day. To take one example, the popular book, *The American Challenge*, by the French author J. J. Servan-Schreiber, rang the alarm bells in France when the level of foreign ownership of industry had hardly reached one-tenth the level in Canada. The fact that this country vacillates in a lethargic discussion of this issue, is a mark mainly of the impotence of the Canadian political culture, the weakness of the "will to survive" in this country.

### III. THE "WILL TO SURVIVE"

The greatest weakness in the set of requirements for preserving Canadian independence is the peculiar intellectual and political tradition that forms the present basis of the Canadian political culture. In brief, we are the legatees of a transplanted political tradition stemming from classical English liberalism. While we have gained the legal trappings of sovereignty and independence, we are unable to muster the symbols and the political vocabulary necessary to understand the vital interests of this country and to act for its preservation. The essential weakness of the Canadian political culture lies in its derivative liberalism. This is the heritage of an intellectual colonialism whose concepts and symbols are inadequate to our dilemma and bypass the major problems surrounding Canadian independence.

*Stepping back for a moment to view the question of the political culture which liberalism in general has produced, let us examine several contemporary problems and the liberal pronouncements about them. Centred as it is on a philosophy of nurturing and granting freedoms to the individual, liberalism has glossed over or failed to recognize some fundamental issues which relate to society as a whole and to the structure of its institutions. In the first instance we may examine, for example, the question of "the nation" as seen in liberal philosophy. The "nation" per se has no specific or recognized place in this outlook. It becomes in practice the source of obstruction to the free flow of goods and of capital through instituting tariffs and restrictions. It is further regarded as a source of chauvinism and of parochial and irrational ideas which obstruct the free flow of natural good will and disembodied "ideas" from man to man across the globe. The nation in its own right has no recognized existence as an aggregate or collective entity (in the "political culture which (bourgeois anti-nationalist--Ed.) liberalism ... has produced" (see above -- Ed.) There is consequently almost no way to mobilize liberal opinion in defence of the nation except in cases where either civil liberties or direct military*

*threat is involved. The threat today however is from a different direction, and consequently unrecognized in a liberal perspective. The modern phenomenon of nationalism is totally incomprehensible and can only be seen by liberals as a demonic force.*

A second major issue is the question of poverty. In this case, classical liberalism simply proclaims that in a free society (organized as a market economy) each individual has an equal opportunity to seek his just reward on the market. Thus poverty, at least in this formulation of the philosophy, remains a problem for which the individual himself must accept responsibility. Having been given equal opportunity to make his way among his fellows, there is no responsibility in principle accruing to society for the fact that he has not been successful.

**A third illustration is provided by the problem of race. Liberal philosophy indicates only that "we look at the individual and not his 'background.'"**

The problem of race, in short, is abolished by a focus which necessarily begins with a view of society and its components as an aggregate of the individuals of which it is composed and their rights. There is a basic non-recognition of a vital problem which in its essence cannot be understood within the confines of an individualistic philosophy, but can only be seen as that of a collective entity.

**These three issues, nation, poverty and race, curiously enough are the ones that have come up with a vengeance in the twentieth century, at the same time as they are the central blind spots of the liberal philosophy. One of the reasons that we have failed so badly to cope with them is that fundamentally we are unable to understand them because of ideological myopia.**

The paradox is all the more striking since the questions at least of poverty and race are as old as mankind itself and have been problems ever since the existence of recorded history; the nation as we conceive of it today is certainly several hundred years old. It is therefore worth reflecting on why they have remained so deliberately obscured in the political theory fostered by liberal tradition. Today, moreover, these problems carry with them an urgency and a demand for virtually overnight solutions. The very fierceness of the claims made upon us may derive in part from the obscurity with which these problems were viewed previously. **Add to this the fact that Canada has never had a historical moment of the actual creation of its national existence, and we may begin to understand why the combination of a colonial mentality (in the intellectual sense) and a quiescent history have together created no firm bases for an independent political culture in this country.**

**The only two issues which succeed generally in creating popular and vigorous reactions are on the one hand territorialism (viz. the public uproar in regard to sovereignty in the Canadian North) and in a second instance extraterritoriality. Both of these issues which are alive in the popular imagination are, however, nineteenth century in their essential importance. For the issue which mainly confronts us today, in the sense of being of vital national interest, is necessarily rooted in the major features of twentieth-century life, namely, technology, computers, electronics, all of which find their home in the economy. And it is the economy, of course, over which Canadians have lost virtually all control and with which they demonstrate only a sporadic and very partial concern.**

*In the absence of a vision of our nationhood and of a political culture possessed of symbols to evoke and protect our independence, it is no cause for wonder that the ideological pull of the United States has been strong and attractive throughout our history. We have found no alternative vision to sustain us in terms of our own political culture. (Emphasis by the Web Ed.)*

As a result, our social policy has also been largely derivative. It is a fact that most Canadian innovations and public policies, virtually since 1840, have been imitative of the United States: the building of the canals, the railroads, the land-grant system which was necessary in the settling of the Canadian West, anti-combines legislation (imitating the anti-trust philosophy of the United States) and finally the "war on poverty" -- all have been derivative of American legislation. The seal of approval in Canada has derived from the earlier attempts at such legislation by the United States. This has both minimized the risk and created a source of legitimacy sufficient to endorse equivalent policies in this country. Admittedly, this legislation has often responded to similar problems, but it is true nevertheless that our sense of social innovation has been substantially restricted and fearful because the premises of our national existence have essentially been derivative and inadequate.

What we understand least is the nature of power, particularly as it applies to the economy. Power has generally been treated with deep suspicion and arm's-length reservation in English political philosophy culminating in Lord Acton's famous *obiter dicta* (*incidental opinion* -- *Websters*). We have relied instead on a faith in the built-in harmony of the market society growing out of Adam Smith's maxims about the individual pursuit of self-interest. The effect has been to gloss over or to negate the importance of the locus of economic power.

**Thus when the power to make decisions shifts out of the country by virtue of foreign ownership of the economy, we are barely conscious that anything of importance has happened. We are unable to meet the challenge of the new technological thrust centring on huge economic and bureaucratic systems and external control. The world of atomistic individualism has faded away everywhere but in our minds.**

#### **IV. STRAIN AND TRANSFORMATION**

The global strains of the technological society are becoming apparent everywhere. There is not only the contradiction between affluence and poverty (both domestically and internationally) but also the contradiction between nominal independence and real independence of nation states. The heritage of colonialism is being restored by technology, but the urge to attain genuine freedom continues unabated in many countries.

**There are other strains as well that centre on the social constrictions of the great bureaucratic networks. We have never been more passionate or more militant in the attempt to awaken the counter-forces for local control.**

We can already see the signs of what appear to be volcanic forces arising as a countermovement to this global extension of the technological network. We are witnessing the most important feature perhaps of this new round of technological penetration, namely the second eruption in the great dialectic between the machine and the moral forces which are induced and released by its extension. If we can contain and

channel the effects of these immense moral passions which are rapidly expressing themselves in continuing and seemingly mysterious waves of unrest, we may witness a new institutional transformation.

**In France the student rebellion of May 1968, in the United States the eruptions against racism and militarism, and unrest and dissent in many other countries -- similar political upheaval seems present everywhere.** Even in Canadian politics, the weak whisper of the slogan "participatory democracy" has become a theme of our political life. These internal moral tides have begun to disestablish all our major institutions, religious as well as secular, churches as much as universities. Global forces, often blind and unfocused at first, have penetrated throughout the political processes of most countries. It may be too early to discern whether creative and lasting institutional change will result from this political eruption. Nevertheless, it should give pause to those in despair about the effects of technological change, who prophesy only an increasing erosion of democracy and freedom.

I have attempted in this paper to set the problem of Americanization and Canadian independence within a global perspective. I have also attempted to show that there are good reasons for avoiding premature pessimism or indeed capitulating to the spread of the technological society as spearheaded by the multinational corporation. The essential features of the history of the machine from the beginning have been the remarkable counter-movements on both the institutional and moral levels which have transformed human society. I do not doubt that in Canada these forces will operate -- as they will elsewhere -- as the technological society continues its advance. The political forces which have been let loose are of enormous power; no established institutional force (and this includes the multinational corporation) will remain exempt from their effects.

**It is apparent, however, that I have made no particular case for the survival of the nation-state within the context of these changes. In fact, the question may well be asked, "why do I see major institutional change everywhere except here?" The nation-state has become synonymous in our own day with the protection of the indigenous culture, institutions, and traditions of a particular society. It possesses the major political power and the means to resist, to modify, and to humanize the technological process. I fail to see how the nation-state can become obsolete and merged in a larger international setting as is sometimes predicted, when the additional functions and responsibilities which we attach to it increase almost daily. One need only list the tasks of economic growth, full employment, education, housing, control of pollution, and the number of other tasks continually thrust upon the nation-state, to see that it can hardly become obsolete at this time. If it remains a suitable agency for the performance and realization of these tasks, it will need survive and assume a more democratic (and less class-ridden) role in carrying out these objectives.**

The nation-state remains, in the end, the central locus of power and authority in our society and, until such time as transcending institutions have been created, we may envisage that it will remain to protect its members by moderating the intrusion of such technological forces as the spreading American corporation. For this reason, I remain a conservative in regard to Canadian survival and a radical in regard to the emergent institutions necessary to achieve this task.

Prometheus, the god who brought fire and the technical arts to mankind, was chained to a rock by Zeus where he remained during the greater part of human history. Now that he has freed himself in the century

and a half of the machine age and tried to render the earth as his own, it will be necessary for man to chain him once more.

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **The universities: takeover of the mind**

**James Steele and Robin Mathews** *Members of the English Department at Carleton*

*University. Last year they edited The Struggle For Canadian Universities: a Dossier, which brings together letters and documents about the de-Canadianization of Canadian universities.*

*(All emphasis by the Web Ed.)*

**Foreign scholars are always welcome in Canadian universities. Nevertheless, it is a matter of concern that in recent years the proportion of Canadians on academic faculties has been diminishing rapidly. In 1963 approximately 539 university teachers immigrated to Canada; in 1965, 1,048 entered the country; by 1967 the annual number rose to 1,986, a figure which represented some 12 per cent of the total number of university teachers in Canada that year.\* Of these, some 857 came from the United States, 457 from Great Britain, 100 from India, and the remainder from other countries. In 1968 Canadian universities employed about 2,642 additional faculty.\*\* Of that number the vast majority were non-Canadians; 1,013 entered from the United States, 545 from Great Britain, and 722 from other countries. Thus it appears that only about 362 Canadians have been hired. Statistics describing precisely the cumulative effect of this influx on the citizenship composition of each and every Canadian university faculty do not exist. Nevertheless, certain related information may be considered roughly indicative of what has happened.**

\* Not every immigrant intending to be a university teacher would have found employment as such, but the Department of Manpower and Immigration affirms that the correlation is very high. Any discrepancy here would tend to be counterbalanced by other factors. For example, those who entered Canada to teach as "non-immigrant visitors" are not represented at all in these immigration figures. For an authoritative discussion of the reliability of this correlation see Louis Parai, *Immigration and Emigration*, pp. 95-7.

\*\*This is our estimate. It includes the net increase of 2,287 reported by the Dominion Bureau of Statistics and an allowance for "turnover" owing to deaths, retirements from the profession, and emigration, at the rate of 2.1 per cent of the previous year's total faculty population of 16,378.

An analysis of 1961 census data has shown that of Canada's 8,779 male university professors, 2,238, or 25.5 per cent, were foreign born, and 6,541 or at least 74.5 per cent were Canadian born and therefore probably Canadian citizens.<sup>1</sup> Mr Max Von Zur Meuhlen of the Economic Council of Canada discovered through a survey of the 1967 arts and science calendars of fifteen Canadian universities \*\*\* that, of the two-thirds of those faculty members in non-professional disciplines for whom a first degree was listed, 51 per cent obtained their first degree outside of Canada. This percentage is a rough indication of the citizenship composition of those faculties.\*\*\*\* *Thus there is evidence for believing that the proportion of Canadians in Canadian universities has diminished by about 25 per cent between 1961 and 1968, a change which has probably occurred for the most part since 1965 when the number of scholars immigrating to Canada began to rise sharply.*

\*\*\* Acadia, Dalhousie, St Francis Xavier, Memorial, Sir George Williams, Trent, McMaster, Waterloo, Western Ontario, Laurentian, York, Victoria, Calgary, Manitoba, British Columbia.

\*\*\*\* There are several biases in the figure which would tend to cancel each other out. Foreign faculty members who took their first degree in Canada were counted as Canadians; Canadian faculty who took their first degree abroad were counted as foreign. The proportion of foreign faculty among the one-third of faculty members for whom no first degree was listed was probably larger than among those whose first degree was known, because the first degree or its equivalent is not as common in Europe as in Canada.

**Information from particular campuses has not been gathered yet in a complete or consistent way.** But first studies bear out the gravity of the situation. A survey conducted at Simon Fraser University in 1967-8 shows that 68 per cent of faculty in professorial ranks were not Canadian citizens. A similar survey conducted by the University of Alberta<sup>2</sup> reveals that 60.8 per cent of full-time faculty in 1961-2 were Canadian. By 1968-9, the proportion had dropped to 47.2 per cent. In a study made by the University of Waterloo information services,<sup>3</sup> it is estimated that in 1964 about 68 per cent of faculty were Canadian. By 1968 the proportion had declined to about 57 per cent. The figures for the Faculty of Arts at Waterloo, however, are more alarming. In 1964-5, about 60 per cent of Arts faculty members were Canadian. By 1969 the proportion had dropped to about 49 per cent.

Intensive study of disciplines and departments throughout Canada must be undertaken if we are to gain a full understanding of the relations that exist between citizenship of faculty, citizenship of graduate students, course offerings in general, and attitudes towards Canadian information. **But early studies here also give some indication of a relation between the paucity of Canadian material available and the heavy participation of non-Canadian scholars.** A survey done by Michael Kennedy<sup>4</sup> reveals that in 1968-9 at the University of Alberta, the Sociology Department, made up of nineteen non-Canadians and four Canadians by calendar count, offered seventy-nine undergraduate and graduate courses, only one of which is described in the calendar as pertaining to Canada. In the Political Science Department, with six of thirteen staff members Canadian, sixty-six courses were offered, seven concerned with Canadian matters. Only two of these courses dealing with Canadian particularities were offered to undergraduates.

At the University of Waterloo a similar situation was found.<sup>5</sup> An examination by calendar of the citizenship composition of the Departments of Economics, English, Fine Arts, History, Philosophy, Political Science, Psychology, and Sociology-Anthropology revealed that **every chairman was a US citizen, that a minority of full professors were Canadian, while about half were US citizens. In the Sociology Department, with about six Canadians among the twenty members, sixty-two undergraduate and graduate courses are offered. None is described in the calendar as dealing with Canadian problems. In the Department of English only two courses in Canadian literature are listed among the ninety or so undergraduate and graduate courses offered.**

**In the Political Science Department of Laurentian University, Sudbury,<sup>6</sup> with one Canadian in five members, only a half course is offered on Canadian government. The English Department, with three Canadians of ten members, offers no Canadian literature. The Geography Department, with two Canadians of five members, offered no Canadian geography in the last two years but will begin to do so in 1969-70. The evidence indicates that the proportion of non-Canadians on faculty affects the offerings involving Canadian material.\*\*\*\*\***

\*\*\*\*\*At Winnipeg University, for example, the only Canadian on the Political Science Department there resolved to use two US and three Canadian texts instead of four out of five US texts for an introductory Political Science course in 1969-70. Professor Rodgers gave his department chairman written notice of the new list. In the fall some one hundred and twenty students unanimously approved of the change for their course. Professor Rodgers received a letter from the chairman of his department on September 15, "insisting I use the four out of five American texts or else face 'disciplinary steps.'" R. S. Rodgers, Letter to the Editor, *Uniter*, Winnipeg University, September 29, 1959, p. 13.

**Departments of History, English, Political Science, and Sociology give some indication of departmental interest in matters pertaining to Canada, because they are able to offer courses with an ostensibly Canadian content. One can only speculate, however, about departments less observable. What, for example, is the interest in Canadian particularities of the Psychology Department at Simon Fraser University, which on January 1, 1969 had fifteen members, thirteen of whom were non-Canadian, ten of whom were US citizens?**

**Clearly the statistics of the issue are of critical importance. At the simplest level they suggest that too few Canadians are being urged to excellence, are being helped to continue study, or are being hired when qualified personnel are sought for positions in the universities. Wherever the failure lies, the decline in the proportion of Canadians reveals discrimination against Canadians, a failure to make opportunities available to them, and so a breach of public trust. But Canadians do not suffer discrimination in employment alone. The figures which suggest that Canadians are presently in a minority and that Canadians are being employed in a decreasing ratio indicate root and branch discrimination against able Canadian students and against the community which makes possible Canada's higher educational institutions.**

That is another way of saying that there has been, in the last decade, a dramatic failure of planning, co-ordination, and administration on the part of departments of education, senior administrators in education, and national organizations concerned with the welfare and operation of the universities. **Moreover, the statistics reveal a demoralized concept of Canada held by those groups; for no self-respecting country in the world would permit itself, willingly, to fall into the condition that Canada presently suffers in its institutions of higher learning. The situations described at Alberta, Waterloo, and Laurentian, for example, result in large measure from the diminish(ing) of the number of Canadians on staff and the increase of non-Canadians who are often seriously ignorant of the Canadian fact.**

The condition must be seen in the broader context of Americanization of the country on a number of levels. We know that Canadians suffer more invasion by US media than almost any other country in the world. We know that Canada is smothering from us economic takeover. We know that some us "international" unions have for decades been eating at the heart and spirit of Canadian unionism.<sup>7</sup> We know that Canadian students at all levels are strongly influenced by US educational texts and materials.(8) And we know that studies of critical importance to the understanding of Canada -- of critical importance, moreover, to the maintenance of academically self-respecting university communities -- often are totally lacking or shabbily and superficially treated outside the mainstream of "important" material. **We are presently conferring degrees upon Canadian students who are often so ignorant of their own country that they are a disgrace to it, and an indictment of the degree granting institutions from which they come.**

More than in any other country, because of the proximity of the United States and its often oppressive influence on many aspects of Canadian life, studies in the Canadian experience should be available to every Canadian student in the fullest range and at the highest academic level possible.

It is sometimes argued that US citizens are present in the Canadian universities in a proportion of about

15 to 20 per cent, and so are not a significant part of the Americanization of Canada. **Without for a moment underestimating the serious threat of concentration by any non-Canadian group in Canadian educational life, the unique quality of US participation must be seen clearly for what it is, in relation to the conditioning of the US academic himself and to the general deluge of Americanization in Canada.**

As the examples from Laurentian, Waterloo, and Alberta show, the concentration of US citizens in certain disciplines affects course offerings. Moreover, it affects the disposition and direction of what superficially seem to be studies not necessarily related to national consciousness. One of the few examinations of work produced by students in an area of US faculty concentration is that of Professor J. Laurence Black. His information is frightening:

(")... let me cite a case referred to me by a marker for a first year course at my university, Laurentian (and I am using Laurentian University here simply as a typical example; I assume it is no better or worse than other Canadian universities in this regard). Some 260 students in this course were required to prepare a term essay on one of several topics. **Of 50 students who attempted an essay on "race relations," almost half treated the problems faced by the American negro. Only 5 dealt with distinctly Canadian racial difficulties: three with the Indian in Canada, two with the negro in Halifax. Some, but not many, mentioned the French-English dialogue but only one felt this was important enough to treat it separately ...** Most of those who wrote on ethnic minorities and immigration limited themselves to studies on large American cities. **Of more than 100 essays on the family, nearly all parroted their American texts on the suburban family in the United States - only four spoke of the Canadian family. A large number described bureaucracy in the United States and gave the impression that we cannot even develop our own ideology - in many there were comparisons made with the bureaucracy in the Soviet Union, often quite irrelevantly and inevitably to show that their system was worse than the American one.** The most devastating blow to my Canadianism, however, was the fact that several Canadian students used the terms "my", "ours", "us", when they were actually referring to the United States. There are no Canadian faculty members in that particular Department.")<sup>9</sup>

**The attitude that invites Canadians to consider US information as "universal," "non-nationalistic," "cosmopolitan," is a product of US nationalism and "manifest destiny," linked intricately to the so-called "objective" ideology of the behavioural sciences. Intensively preconditioned to believe that US information is uncoloured by "petty nationalism," some US citizens and intellectually colonialized Canadians come to the point of being able to say, as a US writer did recently in Canadian Dimension: "The United States has a long past in training university personnel, but American scholars are not bringing American culture with them but the accumulation of world knowledge. If Canadians want home-grown propagandists, that is their affair, but the ensuing result should not be called universities."<sup>10</sup> This naively universalist attitude is characteristic of many, though not all, US citizens exerting power or forming groups in the Canadian university. The outcome is clearly observable.**

**The general flood of Americanization in Canada has resulted in colonial-mindedness among many Canadians. They appear to believe US citizens are superior administrators. How else, for instance, could one explain the fact that in 1968-9, the dean of arts, the two associate deans of arts, and the deputy dean of arts at Waterloo University were all us citizens? Colonial-minded Canadians,**

**unfortunately, assist US citizens to Americanize Canadian universities. American hiring centres are visited; Canadian applicants lose out. American graduate qualifications are applied; Canadian graduate students lose out. US ideas of "significant" information are applied; Canadian studies lose out. Even worse, through the failure to advertise openings consistently and demonstrably in Canada Canadians have been automatically excluded. The failure is not simply one of carelessness or disorganization. It is to some extent an effect of psychological Americanization. To go to the us hiring centres and procure us citizens, without regard for Canada and Canadian needs, guarantees "excellence," "the highest standards," "the latest information" -- which many US citizens and colonial-minded Canadians believe to be unavailable in Canada.**

By far the largest proportion of foreign scholars recently entering the Canadian universities have come from the United States. Canadian universities are becoming Americanized in direct relation to the number of us citizens present, *the number of Canadians absent*, and the increasing influence of Americanization in other sectors of Canadian life.

Professor Allan Smith of the History Department at the University of British Columbia, unequivocally describes the situation:

**(") For Canada cosmopolitanism and internationalism mean, in fact, continentalism. Opening our frontiers to the world means in practise opening them to the United States.** A policy of cultural laissez-faire means, **not** that we subject ourselves to a wide variety of ideas emanating from a host of different sources bearing in upon us with equal intensity. Inevitably, owing to the sheer size and weight and proximity of the American cultural establishment, it means that we are subjected to one set of ideas emanating from one source. The open door is acceptable, and even desirable, but to leave it wide open would make Canada's cultural and intellectual life a mirror image of the American, instead of the proximate reflection it is now. Canadians, like Holmes' man in the crowded theatre, are compelled to apply their principles with circumspection, owing to the situation in which they find themselves.(")<sup>11</sup>

Finally, a very clear indication of the kind of nationalism felt by us scholars in Canada is revealed in the study by David Brown and James MacKinnon. Their examination of political scientists in Canada led them to make the following observations:(") Presumably, non-Canadians who have come to Canada with the intention of becoming Canadians will gradually come to look at politics in ways that are relevant to Canadian students. But our results show that most immigrant professors do not intend to become Canadians. Fewer than one-third are engaged in research on Canadian problems; two-thirds of Canadians are. Fewer than 30 per cent of the Americans who replied believe they will be teaching here in 10 years' time. Ninety per cent do not intend to become Canadian citizens. By contrast nearly half of those of other nationalities plan to become citizens.(")<sup>12</sup>

Americanization exists at a number of levels: in numbers and attitudes of faculty, in course offerings, in ideological orientation of studies, in hiring procedures and preferences, in the failure of concern about the limited opportunities for Canadian students. A change of heart is necessary in Canadian higher education. But it needs to be prepared for. Governments should take some first steps to set the Canadian university on the road to recovery, and Canadianization. They must pass legislation to ensure reasonable and consistent advertising in Canada of all new positions in Canadian universities. They must also insist, by legislation, that Canadian citizens administer the Canadian universities. To that end they should legislate that Canadian citizenship be made a necessary qualification for all new appointments to administrative

positions from chairman to chancellor inclusive. They must strive more effectively than in the past to bring Canadians back to Canada. Complaints are continually made that Canadians of excellence are helped in no serious way to repatriate when they leave Canada to study or work. Moreover, in order to give greater incentive to Canadian scholars, governments must re-examine their policies of awards. And they must pass legislation of a hortatory nature, calling upon universities to strive as a general policy to employ Canadians of excellence in order to ensure that Canadians remain or eventually become a clear two-thirds majority of full-time faculty members in each department.

**Such legislation would form the basis for the development of universities sensitive to the aspirations of the Canadian community. And with respect for non-Canadian scholars, Canadian universities would soon begin to demonstrate a full and proper regard for the Canadian student and a concerned awareness of the particular problems and needs of the Canadian community. Without such a change in direction, no one can hazard a guess as to what will happen as the university in Canada becomes increasingly irrelevant to Canadian life, and as the Canadian people become increasingly aware of its irrelevance.**

#### NOTES

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*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **Science in Canada--American style**

Lynn Trainor

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*(All emphasis by the Web Ed.)*

**The impact of American values upon scientific development in Canada is particularly difficult to assess. American influences are so widespread and pervasive in Canadian science that they seem both natural and inevitable, and are widely accepted without critical analysis of their underlying value system.** Moreover, the American technological dynamic has achieved a certain universality which makes it difficult to distinguish what is simply modern and inevitable in scientific development from what is characteristically American. **It is sometimes argued that science knows no national boundaries, that it is the objective description of nature, at once universal and politically neutral. But science is not just a collection of facts, it is also a practice, a human activity which is motivated and which has values within the context of any particular society. Moreover, science does not stand apart from its applications; its practice affects and is affected by a host of economic, social, and political factors. From this point of view, not only is it possible to study national and international influences on scientific activity, but it is essential to do so.**

At the national level, science policy has been recognized explicitly as both an instrument and a concern of government by every major industrialized country in the world. In particular, the government of Canada has established several new advisory bodies on science policy, principally the Science Secretariat and the Science Council. The council comprises a broad spectrum of scientists, engineers, and industrial representatives, and is charged with advising government on long-range science policy. **The council's fourth report, Towards a National Science Policy for Canada, is a remarkable document(1) -- remarkable in the sense that it is idealistic and venturesome, and emphasizes for the first time the possible "role of science in helping to solve several of the important social and economic problems that now confront the nation."** But it is even more remarkable in that it dwells on the central problem of Canadian science -- the lack of an adequate research and development (R & D) base -- without identifying the primary cause, the foreign ownership of Canadian industry.

**Report No. 4 of the Science Council also fails to identify and to acknowledge the degree of disillusionment with science and technology which is felt among the public at large, particularly the younger generation.** This disillusionment has developed over a long period of time and represents the

lack of fulfillment of the prophecies of scientific liberalism, that discovery and technical innovation would liberate mankind once and for all time from the sufferings of poverty and disease. But to many, progress in these areas has been more than offset by the creation of new and seemingly more dreadful problems for mankind, such as the threats of nuclear annihilation and ecological disaster. The sense of ultimate security and purpose, common to the value systems of former times, has been swept away in wave after wave of technological change. Small wonder, then, that disillusionment exists.

**It may be argued, of course, that all this has little to do with the Americanization of Canada, that it is a process of modernization that is largely inevitable and only incidentally American. There is some truth in this; in fact, there is no quarrel with modernization as such -- it is a part of human progress. The real quarrel is with the degree and the intensity of modernization, driven by mindless economic forces and selfish interests. The excesses of science are largely American excesses. Servan-Schreiber has described forcefully how American management skills and corporate capitalism threaten the economic and cultural fabric of Europe by intensive exploitation of technology in the science-based industries.<sup>2</sup> The Canadian situation is even more precarious in this regard.**

**To a considerable extent one can describe Canadian science as merely an extension of American science in the continental framework of corporate capitalism.** In some respects the extension is an emptiness of purpose and activity. One example is the almost total lack of an industrial research base in Canada, a direct result of the massive foreign ownership of our science-based industries. Not only does this mean that Canadians exercise almost no control over the direction of the R & D activity which so profoundly affects them; it also means that Canadian scientists and engineers have to emigrate to the United States if they are to pursue careers in the most interesting and vital areas of industrial research.<sup>3</sup> Under such circumstances, it is not surprising that many Canadian scientists regard themselves as part of the American milieu and accept the value system of the American scientific community with its emphasis on technical elites, commodity consumption, and the vigorous pursuit of short-range rather than long-range goals.

Even when the American value systems are rejected in theory, they are largely accepted in scientific practice because they appear inevitable and because there are no organizational means for challenging their validity and relevance to Canada. American wealth enables the United States to attract the best scientists throughout the western world by offering higher salaries, more hardware, and prestigious and influential research positions.<sup>4</sup> Even the heroes of science, such as Albert Einstein, become Americanized. Because of the apparent advantages, bright young Canadians also tend to go to the United States for graduate and post-doctoral training. Many factors encourage this trend: **nearly all science textbooks used in Canada are written by Americans and are published in the United States; the most prestigious scientific journals are American; the most numerous and physically attractive scientific magazines are American-organized, American-owned, and American-dominated. It is the American science community that largely sets the goals and standards by which Canadian scientists judge the value and the relative excellence of their own scientific work. Even the aspirations of Canadian science are largely American aspirations, projects fashioned to compete with American projects rather than to serve primary Canadian conditions and concerns.**

An excellent example of this is provided by the proposed Canadian participation in the high energy accelerator project at Batavia, Illinois, which we shall refer to as the Batavia project.<sup>5</sup> This project concerns

high energy physics, a frontier field of research probing the ultimate constitution of matter. Activity in this field involves two kinds of research: one in mathematical theory, which is relatively inexpensive; the other in experimentation on Luge and technically sophisticated particle accelerators. The latest generation of such accelerators will cost somewhere between \$200 and \$300 million. A consortium of countries is building one of these in Europe, while a second, the Batavia project, is under active construction in the United States. Largely because of the costs involved, Canada does not possess a high energy accelerator, even of the "previous generation." Canadian participation consists at present of "users groups," which carry out experiments at us accelerators and bring back data on photographic film and on computer tapes to be analysed in Canada.

Supported by a National Research Council grant, a six-man study group submitted a report in March 1969 calling for direct Canadian participation at the 8 per cent level in the Batavia project. Specifically, the group recommend a \$20 million expenditure over a five-year period as a direct contribution to the capital costs of the us accelerator. Proponents argued that this gave Canada the opportunity to buy directly into the world's largest particle accelerator. They also argued that Canadian users should pay their own way and should not continue to depend upon the generosity of American high energy research groups for access to accelerator laboratories.

**Here is a clear case of Canadian scientists sharing American aspirations and expecting the Canadian taxpayer to foot the bill. Opponents of the report argued that such large sums represented a serious threat to other fields of Canadian physics already in jeopardy through a shortage of research funds. Moreover, Canadian users groups have the assurance that access time to foreign accelerator laboratories depends upon the scientific merit of the proposed experiment and not at all on contributions to capital costs. In any event, Canada already contributes very substantially to the support of American science and technology, both directly through the "brain drain" and more indirectly through the support of research in American industrial laboratories by Canadian-based subsidiaries of American corporations.**

A second example of the curious influence of the United States on the direction of Canadian science is the story of the Queen Elizabethan telescope.<sup>6</sup> In 1964, on the occasion of the Queen's visit to Canada, the government of Canada, accepted a proposal from a group of Canadian astronomers to build a 157-inch reflecting telescope on Mt Kobau in British Columbia at a cost somewhere between \$10 and \$12 million. A road was built to Mt Kobau, a mirror and a grinding machine purchased, a design team established, and plans laid for a large optical shop at the University of British Columbia. After inspection of the Canadian design in 1967 by an American group, who were impressed with what they saw, a proposal was made for a joint Canadian-American telescope in Chile. There is no reason to suspect the intentions of the American proponents; but in fact the suggestion led initially to deep dissent within the community of Canadian astronomers, whether to proceed with the Mt Kobau telescope or to abandon it and place a telescope in Chile instead. In 1968, after four years of planning and the expenditure of \$4.5 million, the government of Canada withdrew its support from the Mt Kobau telescope. The project was kept alive only by a determined effort on the part of four western universities.

A telescope in Chile has strong scientific points in its favour: the site chosen is said to be the best in the world from the point of view of observing conditions and also because of particular astronomical interest in

southern skies. On the other hand, the Mt. Kobau project was well on its way, and it was a distinctly Canadian project which would have provided a national facility of outstanding quality for Canadian astronomers. For the United States, which has several high quality telescopes at home, the Chilean venture is a natural aspiration; even so, American astronomers have failed to find the necessary funds. Canada does not have a single optical facility at this time which is both well situated and of high quality. The Mt. Kobau project was a natural step in laying the foundations for a new generation of Canadian astronomers. The point is that legitimate American aspirations are not necessarily legitimate Canadian aspirations, particularly where large sums of money are involved; but the Americanization of Canadian science is so thorough that the point is not clearly recognized by many scientists in Canada, who tend to regard Canadian science as a simple extension of the American effort.

A third example of the "American presence" in Canadian thinking is our choice of the American (NTSC) system of colour television despite the evident advantages of the French system (SECAM III) and the German system (PAL). *Except for France, Western Europe has opted for PAL while most other countries have chosen SECAM III. The advantages of PAL and SECAM III are set out clearly in the answers of James A. Byrne, parliamentary secretary to the minister of transport, to questions put to him in the House of Commons by R. J. McCleave, MP for Halifax-Dartmouth<sup>7</sup>:*

**Question No. 57:** Mr. McCleave, MP

- 1 What colour television systems were considered for use in Canada?
- 2 What were the comparative cost factors of each system and of colour television sets which receive each?
- 3 Which of the systems is more readily recordable on video tape?

**Answer (Text)**

By Mr. James A. Byrne, Parliamentary Secretary to the Minister of Transport: 1 The following colour television systems were considered: NTSC (USA), SECAM III (France), PAL (Federal Republic of Germany)

2 (a) The system cost factors considered for the three systems were: Network transmission and distribution; Station transmitters; Video tape recording

The NTSC system, due to its more stringent technical requirements, is the most costly in terms of the three factors above. The SECAM III system is the most tolerant of deficiencies in the performance of systems and equipment and can, therefore, utilize less costly facilities for recording and distribution. PAL is intermediate in the above respects between NTSC and SECAM III.

(b) The cost factors of colour television sets for the three systems relate solely to the techniques of recovering colour information from the composite colour television signal. NTSC receivers are the least costly to manufacture, SECAM III costs slightly more, with PAL being the most costly.

Signals of one colour system can be transcoded into another system. Due to the costs involved, transcoding can be achieved only at the studio, along the transmission network, or at station transmitters. Receivers designed specifically for one colour system cannot successfully receive colour TV signals from another system.

3 SECAM III colour signals are most readily recordable on video tape, utilizing standard black and white recording machines. NTSC and PAL colour signals require auxiliary colour equipment for recording. A video tape recorded from one system can be used with another system by the use of transcoding techniques.

**It appears evident that in the matter of colour television, as in so many other technical matters affecting Canadians, an inferior system was adopted primarily on the grounds of compatibility with**

**American systems. This example is particularly disconcerting because the superior SECAM system would have provided a natural barrier to the flood of American television programming and a natural encouragement to economic and cultural exchange with France. (In fact, the barrier would not have been insurmountably large, since signals from the American system can be transcoded at the studio into SECAM III.) Even when technology and economics favour an independent Canadian cultural stance, the Americanization of Canada persists.**

**American influences on Canadian science are particularly strong in the area of military research. This is somewhat surprising since the organization of military science in the two countries is radically different. In the United States a large fraction of the total budget for all scientific research and development falls under the umbrella of military spending, and American scientists have come to accept such arrangements for funding as normal. The frightening power of the military-industrial complex in the United States is well known, but less well known is the extent to which scientists and technologists have been integrated into this complex;<sup>8</sup> certainly a large fraction of us scientists and engineers are employed in the so-called defence industries. By contrast, all classified research in Canada is done directly by the Defence Research Board (DRB), a civilian arm of the military establishment, and the total expenditure on military research is a modest fraction of the total research budget.**

On the surface the Canadian situation seems rather satisfactory; a closer examination shows that it leaves a lot to be desired. The Defence Research Board apparently does not possess the resources to assess properly the national interest in the cold-war maze of military-scientific stratagems. The result has been a serious and continuing American penetration into the decision-making apparatus of the Canadian military research establishment. This penetration is justified by the policy-makers in terms of a simple and convenient creed, that Canadian and American national interests coincide.

**A realization of the extent of American influences in the Canadian military-science establishment was brought home dramatically to me by a personal experience in 1963 during the public debate over nuclear warheads for the Bomarc missiles. In the aftermath of the Cuban crisis the Diefenbaker government was divided on the question of equipping the Bomars with nuclear weapons. Washington took advantage of divided Canadian loyalties on this issue to openly embarrass the faltering government in Ottawa. For reasons best known to himself, Lester Pearson reversed his stand on the issue of nuclear arms for Canada, going on to win the federal election and bringing the dramatic Diefenbaker years to an inglorious close. To the great relief of the Canadian press, Howard Green, the architect of Canada's resistance policy to us pressures on the nuclear arms issue, suffered humiliating defeat at the polls.**

**Proponents of Pearson's policy, including the former Conservative Minister of Defence, Douglas Harkness, claimed that a "small" nuclear warhead on the Bomarc (small meaning several times larger than the Hiroshima bomb) would be effective in cooking the larger hydrogen bomb carried by an attacking bomber. Opponents generally argued that by accepting nuclear arms Canada would lose much more politically than she would gain militarily. But many scientists in their private conversations went a good deal further and regarded the "cooking theory" as a public hoax.**

I was a member of a group of eight physicists at the University of Alberta which decided to take public issue with the extravagant claims of Mr Harkness for the effectiveness of the cooking theory. We prepared a brief statement, setting out in laymans' terms the basic lacts about Bomarcs, hydrogen bombs, and ICBMs and distributed it to the four national party leaders and to all candidates in Alberta seeking election to the federal Parliament.

The Alberta statement made little stir during the election itself, but the whole question of nuclear arms came up again in the late summer of 1963 before the newly appointed Defence Committee of the House of Commons. Paul Hellyer, the defence minister, and Dr G. S. Field, chief scientist for DRB, defended vigorously the government's acquisition of nuclear arms, largely on the basis of the supposed "cooking power" of the nuclear warheads on the Bomarcs. The following exchange between Gordon Churchill, a former Conservative defence minister, and Dr Field is revealing of Canada's acceptance of a satellite role in defence matters:

**CHURCHILL (MP): My second question is this: you explained the effect of neutrons from a nuclear explosion penetrating the nuclear bomb. Has this actually been tried out in an experiment or is this based on theory?**

**FIELD: We understand from our American sources that this has been theoretically and experimentally confirmed.**

**CHURCHILL: In other words, there has been a nuclear explosion where an anti-aircraft nuclear-tipped missile hit a nuclear bomb and the result was that the nuclear bomb failed to explode?**

**FIELD: We have not been given details on what was actually done because of the nature of this information. We have been told that the Americans have carried out work on this problem and are fully convinced that this is what happens. We have been informed of this.<sup>9</sup>**

Informed by whom? We are left to wonder.

*Harold Winch, the NDP defence critic, then entered the discussion and after one exchange the following occurred:*

**WINCH (NDP MP): And we in Canada are expected to make our decisions without having full information?**

**HELLYER: I think on this subject the information we have and the verification which has been done by our own scientists is sufficiently adequate for reaching a decision.**

What verification? The Canadian nuclear experts at Chalk River were never consulted on this issue! Moreover, the US secretary of defence, Robert McNamara, in lengthy testimony before a US congressional committee, referred to the Bomarcs as already obsolete; his testimony also implied that the alleged cooking powers of the nuclear warheads were never put to the test, even in the United States.

In testimony before the Defence Committee,<sup>10</sup> three members of our Alberta group argued on the basis of published information on the Bomarcs that these weapons were ineffectual at best. At worst, they did more harm than good; the enemy, knowing that the Bomarcs packed nuclear warheads, could easily arrange a gamma ray sensor to set off the hydrogen bomb payload before it could be destroyed by the neutron burst from the warhead on the Bomarc. The net result would be hydrogen explosions over inhabited areas of Canada instead of over their intended targets in the United States. Two DRB scientists, Drs Field and

Keyston, gave counter-testimony before the Defence Committee and referred rather patronizingly to the Alberta group's "theoretical" arguments and their lack of classified information. **Faced with these opposing views, the Defence Committee resolved the issue, not by appealing to further nuclear expertise in Canada (two of the three Alberta witnesses were nuclear scientists), but by appealing to the views of "US officials at NORAD and Washington."** In retrospect, it seems probable that the DRB scientists were never vitally consulted by the Canadian government on the Bomarc issue. To the extent they were consulted, they seemed to have accepted the advice of US officials without bothering to consult with any of the many Canadian experts in the nuclear field.

In more recent times, in the area of chemical and bacteriological warfare (CBW), the evidence again suggests that research done in Canada is a minor extension of work done in the United States, rather than an autonomous national activity. Spokesmen from DRB have admitted Canada's role in the four-power Technical Cooperation Program (TTCP) through which Canada provides the United States and Great Britain with an open-air laboratory at Suffield, Alberta, for sampling and measuring biological materials. Dr A. M. Pennie, deputy chairman of DRB, has emphasized the defensive nature of Canada's research effort in CBW, claiming that it is consistent with Canada's ratification of the Geneva Protocol in 1927 outlawing chemical and biological agents in warfare.<sup>11</sup> The consistency is at least questionable in view of the facts that the United States has not ratified the Geneva Protocol and has used defoliating agents and nerve gases extensively in the war in Vietnam. If Canada's role is entirely innocent and defensive, and motivated entirely by national interest, it is difficult to understand why CBW research is not carried out under the auspices of the Department of Health and the results disseminated widely among members of the medical profession.

Canadian expenditure on CBW research is estimated at \$6 million, or roughly 12 per cent of the total expenditure by the federal government on basic research in Canada in all fields. Despite the appearance of DRB spokesmen before the Special Senate Committee on Science Policy under Senator Lamontagne,<sup>12\*</sup> this research was neither discussed nor questioned. (It was, however, brought to the attention of the Senate Committee, after formal hearings had terminated, by spokesmen for Canadian Concerned Scientists\*\* at the University of Toronto.) Failure to discuss CBW research was a serious but unintended omission on the part of the Senate Committee; it is however, symptomatic of the attitude that we cannot question military research because it is an extension of American efforts, and we do not know what they are up to in any case.

\* The Special Senate Committee on Science Policy under Senator Lamontagne held almost continuous hearings between March 12, 1968 and June 1969. A final report is expected by about Jan. 1970.

\*\* Canadian Concerned Scientists is an ad hoc organization of staff and students at the University of Toronto concerned with the social responsibility of scientists.

**Another example of our resignation to American expertise and American interests in military matters is provided by the anti-ballistic missile (ABM) issue. Public debate in Canada was meagre compared to that in the United States, although the issue has as vital consequences for Canadians as for Americans.** Although the Commons Defence Committee received testimony from a number of witnesses, notably from DRB and the Department of National Defence, it did not promote public debate on the issue, nor did it seek an independent assessment from the Canadian science community at large. It is at least questionable how much Canadian expertise was brought to bear in an attempt to formulate a national

viewpoint on this important issue. It seems reasonable to conjecture that DRB spokesmen were transmitting primarily American views rather than reporting on the conclusions of an extensive Canadian analysis.

The Defense Committee's conclusion needs no further elaboration as a comment on the pusillanimous attitudes of Canadian elites with respect to military issues involving the United States: "The Committee has received conflicting evidence on the desirability of establishing an ABM system for the protection of the US nuclear deterrent or US cities against nuclear attacks. In view of the uncertainty of Congressional approval for the ABM system and the uncertainty of the extent to which Canada might be asked to participate, if at all, the Committee is unable to make any recommendations concerning Canadian involvement in such a system."<sup>12</sup>

**In short, we have no independent view on this subject and we intend to take no initiative one way or another. If the Americans decide (in their wisdom or folly, as the case may be) to go ahead with an ABM system and ask us to participate, we shall worry about the whole business at that time. We shall declare ourselves in danger if our American friends and advisers tell us we are in danger. Our primary concern is not to determine Canada's vital interest in this issue, but only the extent of our involvement with the Americans in whatever they decide.**

If we accept that there is a wholesale Americanization of Canadian science, two principal questions arise: is there anything wrong with this? And if so, can anything be done about it? In order to answer the first question, whether there is anything wrong with wholesale Americanization, it is essential to distinguish between the long-range and short-range points of view. If one concentrates on the short range, the rational choice is our present course of comfortable conformity, each of us pursuing individual goals within the continental framework. This option is particularly appealing to the Canadian scientist, since he can combine the comfort and convenience of a more liberal social and political life in Canada with the prestige and satisfaction of wheeling and dealing on the grand stage of American science. And why not? It is even possible to convince oneself that relentlessly pursuing one's own scientific ambitions also happens to be good for Canada: it brings Canadian standards of "good science" to more respectable levels and thus contributes to the common good.

**But what of the long-range view? Are Canadians serious about establishing a distinct political, cultural, and economic unit with a large degree of control over their own values and their own destiny? And what of American science and the value system on which it is based -- what kind of future does it offer mankind? There is reason to believe that Canadians do want to preserve their history and establish a separate identity.** There is also reason to believe that most Canadians, and in fact many Americans, are not happy with the organization, aims, and objectives of scientific activity in the United States with its emphasis on resource exploitation and military objectives. There is a growing concern about the perversion of science in serving anti-human ends -- billions for space travel, nothing for rat control; expensive heart transplants while children die unattended; endless freeways, supersonic jets, pollution, the threat of ecological disaster -- all in the name of progress and modernity.

The basic difficulty arises out of a conflict between what appears to be rational behaviour in the short view and a rational approach to long-term problems; the former involves a perturbation approach -- you

fix things up in small ways without essentially disturbing the system; the latter is more difficult to do, because it requires a certain degree of determination and a certain degree of short-range sacrifice.

One cannot drastically change the face of Canadian science without the simultaneous introduction of sweeping economic and social reform, but a start can be made by consciously emphasizing Canadian concerns in scientific activity. Even the awareness that it is possible to put a rather different emphasis on the purpose of scientific activity, as Sweden has done,<sup>13</sup> would be an important step towards a better Canadian attitude on science. **The centennial stir aroused a latent sense of national purpose, and certain trends towards distinctive Canadian science organizations<sup>14</sup> and distinctive Canadian science magazines<sup>15</sup> offer some measure of hope.** There is a vital need in Canada for in-depth studies of a socio-scientific nature,\* to discover what are the special problems of our society and how our scientific community can be organized to help in solving them. Special Report no. 4 of the Science Council is a step in the right direction, but any analysis which fails to take into account the special problem of Americanization is still playing at charades.

\*Unfortunately, Canadian social scientists have largely ignored the relationship of science to society in Canada

#### NOTES

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- 14 Krista Maeots, "Canadian Scientists Debate Their Role," report to the *Ottawa Citizen*, Aug. 11, 1969.
- 15 *Science Forum*, a Canadian journal of science and technology edited by David Spurgeon, has a unique format and is devoted to an intelligent discussion of Canadian science policy.

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **All the news it pays to print**

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*(All emphasis by the Web Ed.)*

When an advanced industrial nation plays, or tries to play, a controlling and one-sided role in the development of a weaker economy, then the policy of the more powerful country can with accuracy and candor only be described as colonial.

The empire that results may well be informal in the sense that the weaker country is not ruled on a day-to-day basis by resident administrators, or increasingly populated by emigrants from the advanced country, but it is nonetheless an empire. The poorer and weaker nation makes its choices within the limits set, either directly or indirectly, by the powerful society, and often does so by choosing between alternatives actually formulated by the outsider. (William Appleton Williams: *The Tragedy of American Diplomacy*)

Much of the attention in recent years devoted to the role of the mass media has concentrated on the impact of television. There can be no doubt that television has had a more persuasive influence than earlier media; but the press and publications remain important. In Canada, most adults still read a daily newspaper; and most read one or more magazines or journals. There is also a continuing concern about the impact of the United States on all aspects of the Canadian mass media. How can there be any distinct Canadian identity, or a national approach to problems, when communications are so heavily influenced or dominated by a single foreign country? And why has this situation developed?

**In order to understand the problems associated with press and publications in Canada, it is important to be aware of how these institutions behave in actual practice, as opposed to theory. First, it is crucial to keep in mind the fact that Canada, like the United States, is a liberal democracy, where the economy is based on private ownership of business. The press and publications industries are privately owned and operated as profit-making enterprises, rather than as institutions dedicated to public service. In contrast to other sectors of the economy, the ideology of early liberalism has prevailed and has protected them from government interference and regulation.**

The traditional liberal view of the role of the press assumes that "In order for truth to emerge, all ideas must get a fair hearing; there must be a 'free market place' of ideas and information. Minorities as well as majorities, the weak as well as the strong, must have access to the press."<sup>1</sup> Concern that the press was not living up to this standard led to the creation in the United States of the Commission on Freedom of the Press, which released its report in 1947.<sup>2</sup> The Hutchins Report concluded that the American people "have not yet understood how far the performance of the press falls short of the requirements of a free society in the world today." Yet they concluded that the press should not be regulated by the government in the manner of other public utilities: it should regulate itself.<sup>3</sup>

In an attempt to adjust the earlier liberal standards, which they recognized could not be met, to the fact of monopoly newspapers controlled by business interests, the Hutchins Commission formulated a new set of

standards. The new standards, commonly referred to as the "social responsibility" theory of the press, are as follows: (1) a truthful, comprehensive, and intelligent account of the day's events in a context which gives them meaning; (2) a forum for the exchange of comment and criticism; (3) the projection of a representative picture of the constituent groups in the society; (4) the presentation and clarification of the goals and values of the society; (5) full access to the day's intelligence.<sup>4</sup>

**If newspapers met these loosely defined objectives, then the public presumably would be satisfied. If both the traditional liberal standard and the more recent "social responsibility" standard are applied to the daily press in Canada, it clearly does not live up to either. There is no radical press in Canada. There is no press which supports the moderate social democracy of the New Democratic party. The press does not even give adequate space to radical or socialist views. In ideological terms, it is a one-party press (i.e., a 2-party one politics press in Canada under the Liberal-PC regime -- Web Ed.)**

The basic characteristic of the press of Canada is monopoly. Most cities have only one newspaper. Some cities (like Vancouver, Calgary, and Winnipeg) have more than one newspaper, but they are so similar in content and ideology that there is no real choice. Only in Toronto and Montreal is there any real competition, and then it is only within the framework of liberalism.

**Furthermore, the monopoly situation is not limited to localities. Newspaper chains dominate Canada and their strength is increasing.** Today 55 of the 107 dailies in Canada belong to the three big chains, Southam, Sifton-Bell (Free Press Publications), and Thomson. With respect to circulation, the dominance is even more pronounced. In New Brunswick, one man, K.C. Irving, owns all five English-language dailies. In Vancouver, the *Sun* and the *Province*, the only two dailies, are jointly owned by the Southam and Sifton-Bell chains! **Recently a new chain of French-Canadian newspapers has developed, which has inspired so much public concern that it has led to an investigation by the Quebec National Assembly. Part of this fear is due to the fact that control of the French-language newspapers may be leaving the province, and this may lead to an increase in English-speaking influence on the Quebec press. Gelco, a subsidiary of Power Corporation of Canada, has bought four of the seven Quebec dailies. Power Corporation is jointly owned by Paul Demarais, a Sudbury businessman, and Warnock-Hersey International, a financial holding company headed by Peter Thomson.**<sup>5</sup>

The decline of competition and the growth of monopoly and oligopoly is, of course, the basic characteristic of the North American economy. Newspapers are businesses, operated so as to earn a profit for their owners. Like all capitalists, they do not believe that competition is of any special value, in itself. Stuart Keate of Free Press Publications argues that in the past when there was competition the newspapers were associated with political parties; today, the dailies are "independent" and can give the reader a "cross-section of opinion which enables him to arrive at a much more balanced judgement."<sup>6</sup> This view is shared by apologists for the monopoly press in the United States. **One of the best-known American professors of journalism, for example, holds that the early period of competition "resulted in the establishment of more papers than were necessary to serve the public with either news or advertising." The "decline of partisan feeling" made it possible to eliminate "unnecessary competition."**<sup>7</sup>

**Ownership of the press in Canada is similar to that in the United States: it is concentrated in the**

**hands of the small upper-class economic elite. There is a greater tendency in Canada to have ownership tied to families; present owners have inherited this wealth.** As John Porter has shown in *The Vertical Mosaic*, the publishers of newspapers in Canada are similar to the economic elite in general: they have tended to go to private schools and the better universities, they belong to the same exclusive clubs, and they are almost all of British ethnic background. In both countries, the concentration of the press in the hands of the upper class has determined the conservative ideological orientation of their newspapers. This parallel situation has been recognized by studies done for the Hutchins Commission in the United States and by Wilfred Eggleston and Carlton McNaught in Canada.

**William Ernest Hocking has reported that the press of the United States has become "an active factor in the industrial system of the nation, and thus a directly interested party in the well-being of that system. And the maxim of worldly wisdom applies to it, when looked at statistically, that the public cannot rely on any interested group for disinterested truth. [underline italics by the author])<sup>8</sup>**

In a study of the press in Canada, Carlton McNaught noted some time ago that the "publisher often acquires a point of view which is that of the business groups in a community rather than of other and perhaps opposed groups; and this point of view is more likely than not to be reflected in his paper's treatment of news."<sup>9</sup> Wilfred Eggleston underscored this point in his submission to the Royal Commission on National Development in the Arts, Letters, and Sciences when he stated that nothing has changed since 1940 to invalidate McNaught's conclusions.<sup>9</sup> The class ownership of the press is reflected in the fact that all dailies either support the Liberal or Conservative parties, both strong defenders of "private enterprise," and seem to have no difficulty in switching support from one party to the other. \**Canada Gets the News* (Toronto, 1940), p. 21.

However, in reality it does not seem likely that owners of Canadian newspapers have had to "acquire" or "develop" the attitudes of the business aristocracy; they have been a part of the wealthy elite for a long time, and new ownership tends to come from individuals who are representatives of established wealth in other areas of business.

Both the early liberal justification for a laissez-faire approach to the press, and the newer "social responsibility" theory of the press emphasize the absolute necessity of providing the public with basic facts upon which to make political judgments. Louis M. Lyons, curator of the Nieman Foundation in the United States, writes that "there is only one function which justifies the exalted protection given the press in our [US] Constitution: that is as a common carrier of information."<sup>10</sup> Publishers, of course, claim that today's dailies fulfil this function adequately. Frank Swanson, publisher of the *Calgary Herald*, has stated<sup>11</sup> that "no citizen of this community or of this nation today can blame anybody but himself if he is poorly informed."\*\* Nevertheless, most of criticism of the press today centres on this very question.

\*\*If Canadians are well served by the daily press, why is it that in 1968 -- the year of the now famous review of Canadian defence policy and the Soviet occupation of Czechoslovakia -- only 52 per cent of the Canadian public could answer yes to the following question: "Do you happen to have heard or read anything about NATO -- that is, the North Atlantic Treaty Organization?" See the release of the Canadian Institute of Public Opinion, Nov. 30, 1968.

The average daily newspaper today devotes over one-half of its space to advertising. Much of the remainder is devoted to "entertaining" the reader, which the industry calls "boilerplate." This, the publishers claim, is what the public wants, not news. Thus little space is left for news and serious comment. In addition, the quality of the news reporting itself is open to question. North American journalism has been unable to attract the most gifted writers, perhaps because of their notoriously low wages. But most criticism has been directed at the widespread use of wire services. **For over three-fourths of the daily newspapers in Canada, the Canadian Press (CP) wire service is their only source of news from the rest of Canada.<sup>12</sup> This wire service is a co-operative effort of the publishers, based on the Associated Press in the United States.** However, it is primarily a clearing house, rather than a news originator. Local newspapers send out stories which they feel might be of national interest. The selection and writing of these stories reflects the biases of local editors and publishers. **National news stories, when the wire services are used, are usually identical, word for word, in all subscribing dailies. Furthermore, because the wire services are paid according to how much of their material is printed, their stories are designed to irritate as few people as possible and to appeal to the political sympathies of those who own the newspapers.**

Perhaps the most significant development that has affected newspapers in North America is the rise of mass advertising. Today, between 60 and 85 per cent of the revenue of the daily newspaper comes from advertising. Nevertheless, circulation remains very important, for large circulation attracts more advertising. Entertainment sections have been introduced into the newspaper not because of reader demand, but to provide fill around certain advertising appealing to certain markets.<sup>13</sup> **Because of the heavy dependence on advertising, the publishers and editors feel that they must not print material which might annoy their advertisers; they also believe that a non-controversial "independent" newspaper will have larger circulation. As one American publisher, J. David Stern has put it: "The monopoly newspapers present news which will offend no one, arouse no emotions, tread on no one's toes, offer soothing syrup for mankind's bellyaches."<sup>14</sup> In fact, the chief function of the daily newspaper is no longer that of reporting news. Instead, it has become an agent of business, selling commodities.**

**Why has the press of Canada -- or more accurately, the press of North America -- failed to live up to its professed standards?** The reason is contained in a description of the press provided by the *Wall Street Journal*:

A newspaper is a private enterprise, owing nothing whatever to the public, which grants it no franchise. It is therefore "affected" with no public interest. It is emphatically the property of the owner, who is selling a manufactured product at his own risk. If the public does not like his opinions or his methods of presenting the news, the remedy is in its own hands. It is under no obligation to buy the paper ...<sup>15</sup>

Second, the daily press of North America has been subject to the same economic developments as other businesses. We have moved from a period of competition in the early nineteenth century to a period of monopoly capitalism. Free market competition has eliminated rival industries. The result has been monopoly on the local level and the rise of chains on the national level. Today's monopoly press cannot satisfy the traditional liberal criteria. Furthermore, there is no evidence that the newspaper monopolies, or other monopoly institutions, have abandoned maximization of profit and have become public spirited, benevolent, "soulful" corporations. They cannot live up to the standards of "social responsibility."

The other main function of the press in the twentieth century is to act as an agency within society which

transmits culture, traditions, language, and other national values. This was recognized to be a prime function of the press by the Royal Commission on Publications, which stated that "communications are the thread which binds together the fibres of a nation. They can protect a nation's values and encourage their practice ... The communications of a nation are as vital to its life as its defences, and should receive at least as great a measure of national protection."<sup>16</sup> Ten years earlier the Massey Report argued that **communications were essential to promoting national life.**<sup>17</sup> Nevertheless, the sad fact remains that **most of the reading material in Canada continues to be published in the United States, as is the case with periodicals, or else is heavily influenced by news, articles, and entertainment originating in the United States, as is the case with newspapers.**

**Few Canadians are aware that almost all the international news which they read in the daily newspaper is written by foreigners. Most of this comes from American sources, and the rest largely from British news services, particularly Reuters, the Economist Intelligence Service, the *London Observer Foreign News Service*, and the *Guardian (Manchester)* News Service. There is very little direct news-gathering by Canadians. This is true even of the Canadian Press (CP), the Canadian wire service. Most of CP's foreign news copy originates from their New York office, where a small group of editors rewrite the news releases they receive from Associated Press (US) and Reuters (Great Britain). This is to stress aspects which are of more interest to Canadians, but the actual gathering is still overwhelmingly foreign.**

In addition, many of the larger Canadian dailies subscribe directly to the foreign wire services, Associated Press, Reuters, United Press-International, the *Chicago Daily News Service*, *The New York Times News Service*, and the *Washington Post-Los Angeles Times News Service*. Most of the French-Canadian dailies also subscribe to l'Agence France Presse. Furthermore, the use of the foreign wire services is on the increase in Canada. When the local newspaper uses a foreign news story, then the reader does not even benefit from the Canadian slant that the editors of CP might give the story\* And it is quite clear that the American wire services carry their own particular biases. They cater specifically to the preferences of the local American publishers who buy their services. \*One example might illustrate this point. On February 1, 1968, Robert McNamara, US Secretary of Defense, issued his annual report to the Senate Armed Services Committee on the status and plans for American defence. *The Globe and Mail*, Toronto, carried this story on the following day, using the *New York Times News Service*; it was oriented to the US market and concentrated on US-Soviet problems. **The Canadian Press story on the same event, carried in the *Ottawa Journal*, stressed the major changes which applied to North American defence, including radical changes in Canada's role and contribution, which the *New York Times* news report did not mention.**

Why is there so little direct Canadian reporting of news events? It is widely believed, and probably true, that Canadian alternatives would be more expensive. George V. Ferguson, editor of *The Montreal Star*, defended the use of wire services, arguing that there is an advantage to having important facts widely and commonly known. "If those facts are fairly reported, there is a national, even an international, gain in having some corpus of common knowledge."<sup>18</sup> In principle this may be true; but the fact that there is a clear bias in wire service reporting, both on the national and international level, is beyond question.

**It has already been noted that newspapers provide more space for "entertainment" than they do**

**for news or information. For Canadians there is one additional aspect to this problem: most of the "boilerplate" found in the Canadian dailies has its source, once again, in the United States.** This includes almost all of the comics, Heloise, Uncle Ray's Corner, Art Buchwald, Medical Memos, Tell Me Why, Billy Graham, Ask Andy, Dr Alvarez, the horoscope, Ann Landers, Jacoby and Goren on bridge, as well as the fashion reports, Hollywood, how to cook, and so on. This material is distributed by American syndicates: North American Newspaper Alliance, Newspaper Enterprise Associates, World Wide Press Service, Women's News Service, Copely News Service, and many others. **They are, of course, oriented to serving American interests. More pernicious, moreover, are the reactionary values that many of them reflect, particularly the comic strips. Because the syndicates tend to be auxiliary operations of the large national newspapers, this is one area where competition still reigns, and their costs remain relatively low. Again, this is why the Canadian publisher chooses to use the US services rather than developing Canadian alternatives.**

**These syndicates also distribute political comment. Canadian newspapers even seem to publish more political columnists from the United States than from Canada.** Those which appear in many newspapers include Joseph Alsop, Walter Lippmann, James Reston, Marquis Childs, Carl Rowan, and William R. Frye. They are also beginning to pick up the local columnists from the *New York Times*, the *Washington Post*, the *Los Angeles Times*, the *Chicago Daily News*, and the other newspapers that are developing syndicates. Newspaper Enterprise Associates, which is connected with the Scripps-Howard chain in the United States, even circulates editorials and political cartoons. It is not clear how many editorials written by such syndicates appear in Canadian newspapers, but it is easy to identify their political cartoons when they appear in the smaller daily newspapers that do not have their own regular cartoonists. **Obviously, business economics is a major factor here. But there is also something else, for there are many writers in Canada who would be willing to write background articles and columns for Canadian newspapers. Part of it must be associated with the colonial mentality which has dominated Canada for so long. The well-known commentator from the metropolitan country, first Great Britain and now the United States, carries more influence. Moreover, the American columnists tend to share the same conservative ideology of Canadian publishers and editors.**

On the whole, then, the newspapers of Canada are barely distinguishable from those of the United States. And there is no concern expressed by the press on this question. But this should not come as a surprise. The newspapers of Canada are owned by big business interests (all Canadian with the exception of the chain owned by Lord Thomson). **As a whole, Canadian businessmen have not been concerned about US control and ownership of the Canadian economy. They seem quite willing, if not anxious, to sell out to US interests, particularly if the price is right. For them, national boundaries are an anachronism in the era of monopoly capitalism and the multinational corporation. Furthermore, the newspapers receive a great deal of advertising revenue from American business interests.**

**Among the English-language newspapers, only the *Toronto Daily Star* has felt that American economic domination of Canada is an important problem. Yet during election campaigns it traditionally supports the Liberal party, the party of big business, and the party which historically has been in the vanguard of those interests promoting continental integration. The situation has led Arnold Edinborough to conclude: "Indeed, it is possible for a pessimist in 1962 to say that the press generally may be at least partly responsible for a general easing of public opinion to the point where**

**absorption of Canada into the United States is in the foreseeable future ..."<sup>19</sup>**

In many other countries an alternative source of national information is provided by magazines and other publications. This is not so in Canada. There are no widely circulated equivalents of the political magazines like the *New Statesman*, the *New Republic*, or the *Nation* that one finds in Great Britain and the United States. There are no weekly Canadian news magazines or newspapers. There are no equivalents of the smaller literary magazines, such as *Atlantic*, *Harpers*, or the *New Yorker*. **As the O'Leary Report noted, in 1959 over three-quarters of all magazines sold in Canada were American. No other industrialized country in the world tolerates such a situation.**

What are the reasons for this? One of the major problems is the lack of sufficient advertising revenues for Canadian magazines. The O'Leary Report showed that in 1959 approximately 75 per cent of the revenue of magazines sold in Canada came from advertising.<sup>20</sup> Of the total amount, the two American giants, *Time* and *Reader's Digest*, absorbed about 41 per cent. The Maclean-Hunter Publications absorbed another 46 per cent, leaving only 13 per cent of total advertising revenues for all the remaining Canadian magazines.\* But even Maclean-Hunter Publications are beginning to feel the pinch. In January 1969 *Maclean's* magazine adopted a new format, reducing its size to that of *Time* in order to be able to re-run a full-page *Time* advertisement without any redesign costs.\*

\*In 1959 the four major magazines published by Maclean-Hunter accounted for 62 per cent of all circulation of Canadian magazines. This carries over to French Canada as well, where the largest magazine by circulation is the French-language version of *Reader's Digest*. The next two largest publications by circulation -- *Le Magazine Maclean* and *Chatelaine: La Revue Moderne* -- are both owned by Maclean-Hunter.

The advantages of *Time* and *Reader's Digest* are well known, but the Canadian government has refused to act. The Canadian operation of *Time* receives most of its copy directly from the head office in the United States. The basic magazine costs are absorbed by the US operation -- the cost of the Canadian operation is restricted to the small "Canadian content" insert in the weekly. Therefore, with low general costs, *Time* can afford to charge only \$2,700 for a full-page advertisement, whereas *Maclean's* has to charge \$4,600 a page in order to cover the cost of its operation.\*\*

\*\* Gary Dunford, "Why Are *This Magazine's* Measurements Now 8-1/4 Inches Wide by 11-1/4 Inches High?" *Toronto Daily Star*, Jan. 11, 1969, p. 31. Dunford notes that by 1969 *Time* and *Reader's Digest* had increased their share of all magazine advertising to over 50 per cent of the Canadian market.

**A second major problem for Canadian publications is newsstand distribution. The national distributors in Canada are Curtis Distributing Company of Canada, Select Magazines, and Fawcett Publications, all American firms.** Because there are so many magazines published in North America, they are forced to limit the number they distribute to the local newsstands. Therefore, they give preference to

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those magazines which already have high sales, including necessarily those which they distribute through their operations in the United States. **If a new Canadian magazine manages to corner a distributor, the costs involved are tremendous. The distributor takes almost all the income of the first few thousand sales, and a high percentage thereafter. Thus a new magazine, if it wants to sell on the local newsstands, must be prepared to undergo steady losses while it builds up circulation, and few can afford**

**that. No other industrialized country permits foreign control of newsstand distribution. It is a major factor in the domination of American publications in the Canadian market.\***

\*O'Leary Report, p. 16. The American newsstand distributors also control distribution of paperbacks. McClelland and Stewart of Toronto instituted the Canadian Bestseller Library, a series of Canadian titles in paperbacks, but were forced to abandon the series because the American wholesalers refused to distribute them to newsstands. William French, "Books & Bookmen," *Globe Magazine*, March 24, 1969, p. 20.

**The effect on Canada should be obvious. In 1951 the Massey Report concluded (p. 4) that "a vast and disproportionate amount of material coming from a single alien source may stifle rather than stimulate our own creative effort; and, passively accepted without any standard of comparison, this may weaken critical faculties." Ten years later the O'Leary Report noted (pp. 5-6) that Canada, more than any other country, is naked to the force of the US communications explosion, "... exposed unceasingly to a vast network of communications which reaches to every corner of our land; American words, images and print -- the good, the bad, and the indifferent -- batter unrelenting at our eyes and ears." John Porter has described this as the ideological counterpart of the external control of the economic system.<sup>21</sup> This impact is multiplied by the American influence on radio and television**

There are a number of other small countries in the world which are exposed to the danger of overflow in press and publications from larger, more powerful, neighbours. Yet the staff of the O'Leary Commission found that these countries maintain strong national publications industries.<sup>22</sup> **In all cases, too, these states had introduced legislation to protect their own mass media -- it was not left to the whims of laissez faire and private profit. The governments of these countries had determined that "the political nature of the purpose for which the press exists and the political influence consequently asserted by its leaders necessitates the conferment upon nationals of certain privileges and priorities in publication and distribution accruing to them as part of their political right."<sup>23</sup>**

The countries which are in a situation most similar to that of Canada are Ireland, Belgium, Switzerland, and Austria. They have large neighbours with a similar language and cultural background. They are all liberal democracies, with private enterprise economies, yet all have vigorous publishing industries. It is interesting to see what methods these countries, and others, have used to deal with the problem; for in principle the same methods can be applied to Canada.

**There have been two basic approaches used by states to protect a national press and publications industry: regulation and assistance. Those regulations which are widely used are as follows: (1) prohibition of overflow advertising; (2) national control of distribution, with priority rights given to national publications; (3) discrimination against foreign publications through customs duties, foreign exchange regulations, special taxes, quotas, and required price differentials; and (4) requirements that all publishing firms, including newspapers, be owned and managed by nationals.**

**It has been felt that these defensive approaches are inadequate by themselves to insure that a national press and publishing industry will flourish.** The giant firms, like Luce Publications, can still play a dominant role. Therefore, states have granted positive assistance to national publications through the

following programmes: (1) special postal rates for magazines and newspapers; (2) enforcement of anti-combines legislation; (3) special tax concessions to struggling publications; (4) regulation of advertising even to the extent of taxation and distribution controls; (5) other indirect subsidies, such as free transportation, telephone, and telegraph services; and (6) direct public subsidy to cultural publications.

**Within the constrictions of the private enterprise economy, these programmes would go a long way towards developing a publications industry in Canada.**

The problems posed by the daily press are more difficult. It takes a significant amount of capital to start new newspapers, and to survive they must be able to attract considerable advertising. Since the Second World War there have been three attempts to start new dailies in Canada (Winnipeg, Montreal, and Vancouver) and they have all failed. Some programmes might be introduced to help promote competition. A few have been suggested by Douglas Fisher: (1) a moratorium on corporate taxation on new dailies and old ones which are in financial distress; (2) a moratorium on taxes if profits are all reinvested in the newspapers; (3) a federal loan fund to lend capital to new dailies and weeklies; and (4) a guarantee by the federal government of any debts that the new newspaper might run up with the Canadian Press.<sup>24</sup> Certainly the government needs to strengthen and enforce its anti-combines legislation and to apply them to the press. But this would not be enough. **There is a need for a national news collecting and distributing agency, and a need for more syndicated material of national origin. If the privately owned press will not undertake such a service, then it is surely appropriate for the government to do so. In addition, it seems that the "Canadian content" rule that applies to broadcasting should be applied to other areas of the mass media.**

**Another reform has been proposed by Kenneth McNaught of the University of Toronto: the creation of a publicly owned national newspaper**<sup>25</sup> This would be in the tradition of the Bank of Canada, the CNR, Air Canada, and the general public role in other utilities. Furthermore, we already have the National Film Board and the CBC in the area of mass media. McNaught suggests that this national newspaper take the form of a new corporation along the lines of the CBC. It could experiment with new publishing and transmission techniques not yet tried. It could add greatly to the number of national correspondents. It would provide competition for the other newspapers and set a higher standard of journalistic excellence. In theory, it would be able to provide a wider spectrum of political views than the present monopoly press.

It must be recognized that it is not likely that any of these suggestions will be implemented by the Canadian government.\* **The Diefenbaker government, which was the most nationalistic government we have had for years, made no attempt to introduce the very mild suggestions of the O'Leary Report. Pressures exerted by the us government forced the Pearson government to drop the half-hearted reforms that were included in Walter Gordon's tax bill in 1965.** The two major political parties have no real reason to be dissatisfied with the present situation. Canadian newspapers and publications support them, though smaller papers and minority publications might dissent. The business aristocracy supports these parties, particularly the Liberals. That is probably one good reason why there is no attempt to enforce the anti-combines legislation that already exists. Today, "freedom of the press" is a mere slogan used to protect the monopoly situation in press and publications.

\*In the spring of 1969 Senator Keith Davey announced that a special Senate committee would investigate

the press of Canada and make recommendations for legislation. However, it is not likely that Senator Davey or his wealthy business colleagues in the Senate will propose anything significant. Even if they did, it is extremely unlikely that the Liberal government would support them.

If, through some unforeseen event, the New Democratic party were to form the government, then we might expect some changes in this area. However, it is not likely that they would have the courage to undertake a proposal even as modest as that suggested by McNaught. But even if all the reforms were instituted, and we had a publicly owned newspaper, would we really have a pluralist press, with a fair presentation of dissenting views? **The CBC certainly offers no hope that the situation would be any better. Furthermore, because most Canadians are able to watch American television, and to buy American publications, it is doubtful if there would be any significant qualitative change: Canadians would still be captives of the North American market economy, where the mass media are an agent of the business culture, subtly manipulating people to buy more commodities, creating "perpetual scarcity."**

It is much more likely that the situation with press and publications will get worse. Significantly, the only action taken by the Canadian government in recent years in this general area was the revision of the postal regulations by the Trudeau government in early 1969. The new postmaster general, Eric Kierans, a millionaire businessman and former head of the Montreal Stock Exchange, decided that the Post Office (or at least certain aspects of it) should be put on a profit-making basis. There was a small increase in second-class mailing rates, which apply to commercial publications, like *Maclean's* and the daily newspapers. But a minimum charge was introduced, which fell hardest on the small periodicals. However, second-class privileges are now denied to publications "of fraternal, trade, political, professional or other associations, or a trade union, credit union, co-operative or local church congregation." The minister argued that "all publications appealing to minority groups should pay their own way." Publications of these organizations will now have to pay the much higher third-and fourth-class rates. For example, *Le Travail*, for forty-four years the publication of the Confederation of National Trade Unions (CNTU -CSN), found that its mailing costs for one year would increase from \$26,000 to \$200,000. They decided to close the newspaper, as was the case with the *Labor Statesman*, the monthly newspaper of the British Columbia Federation of Labour. Many other small publications are cutting back or ceasing operations.<sup>26</sup>

**The chief beneficiaries of this move will be the daily newspapers and Maclean-Hunter Publications, who have the advantages of monopoly position in the market. It will tend to kill off the smaller Canadian publications. It will not affect US magazines mailed from the United States.\* Association publications will have to pay 50 per cent more postage to reach their subscribers than similar publishers in the United States. It is a tremendous blow to Canadian-based labour unions, for the large "internationals," which are based in the United States, mail their publications from the United States and thus will avoid the postage increase. Thus the only government action in the area of press and publications in recent years will further increase the monopoly situation in Canada and American domination of the Canadian market.**

\*The public subsidies to the two major American magazines which are mailed in Canada, under the new regulations, are as follows: *Time*, \$725,153; *Reader's Digest*, \$851,636. Reply of Hon. E.W. Kierans to a question in the House of Commons by Barry Mather, reprinted in *The [Prairie]*

*Commonwealth*, May 21, 1969, p. 11.

Are there no alternatives to the present situation? The public is becoming more aware of the nature of the monopoly press in North America, and the need for a printed medium which is more objective, and which will print news and opinion that is now ignored. The development of the underground press in North America is one symptom of dissatisfaction with the regular press. It started out as part of the "hippie" drop-out cult, but it is becoming more and more political. There has also been a significant expansion of radical periodicals and this is continuing. Perhaps, as this dissent increases and spreads to other interest groups, it will be recognized that the only alternative for North America is a daily press which is subsidized by political parties or interest groups. It has been recognized for some time in Great Britain and on the continent that this is the only way that there can be any semblance of a pluralistic press within a monopoly capitalist society.

**Nevertheless, the future is bleak for Canada. Undoubtedly US domination of the Canadian economy will continue, and the capitalist ideology of the United States will be forced on us by the mass media. It is very unlikely that there will be any significant change until the worldwide American empire begins to break up. And even then, Canada will be the last colony to be liberated.**

NOTES

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- 5 See John Porter, *The Vertical Mosaic: An Analysis of Social Class and Power in Canada* (Toronto, 1965), p. 463; J. Williams, "Too Few Controls - Too Many Information Outlets," *Canadian Labour*, IV (Nov. 1959), pp. 25-8; John Cartwright, "Who Owns Canada's Press," in Paul Fox, ed., *Politics: Canada* (Toronto, 1962), pp. 21-3; and Richard Dahrin, "Quebec's Press Monopoly," *Canadian Dimension*, V, no. 4 (Jan. 1969), pp. 13-14.
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- 14 Cited by Douglas Fisher, "The Case against Newspaper Chains," *Maclean's*, LXXV (Nov. 17/62), p. 98.
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- 16 Royal Commission on Publications, Grattan O'Leary, chairman, *Report* (Ottawa, 1961), p. 4.
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- 18 "Freedom of the Press," in *Press and Party in Canada: Issue of Freedom* (Toronto, 1955), p. 11.
- 19 "The Press," pp. 27-8.
- 20 See the charts on pp. 176-81 of the *Report*.
- 21 Porter, *The Vertical Mosaic*, p. 465.
- 22 **Appendix H of its Report is a commission study on the periodical press in other countries, based mainly on UNESCO surveys.**
- 23 *Ibid.*, p. 214.
- 24 "**The Case against Newspaper Chains," pp-. 98-9.**
- 25 "**The Case for a Nationalized Newspaper," Saturday Night, LXXXIII** (June 1968), pp. 26-7.
- 26 See "What Do New Postal Regulations Mean?" *Commonwealth*, Dec. 11, 1968, pp. 1, 2; "The Ruthlessness of Eric Kierans," *Commonwealth*, Feb. 5, 1969, p. 3; and Terrence Belford, "Postal Rate Increases Forcing Periodicals to Trim Issues," *Globe and Mail*, May 20, 1969, p. B-7.

*From:*

## **Close the 49th Parallel etc.**

The Americanization of Canada (1970)

Edited by Ian Lumsden

### **The dismal state of economics in Canada**

Melville H. Watkins

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*(All emphasis by the Web Ed.)*

"The voice of the economist is heard throughout the land." Harold Innis wrote these words in 1941, but their relevance today is clear. The concern of this paper is with the quality of that voice and whether there is, or could be, any Canadian content to it.

**It might be agreed that there is a certain absurdity in the notion of mathematics for Canadians, but that it is hardly absurd to talk about Canadian art. In spite of its pretensions, economics is more art than science -- in current American parlance, it is a "soft" rather than "hard" discipline -- and therefore we can speak of Canadian economics in the sense of there being at least the possibility of an indigenous and distinctive national style.** Indeed, the possibility became a reality in the writings of Innis and the so-called staple approach. In the main, however, Canadian economics means the application of universal technique, or at least free-world technique, to Canadian problems. Since Canada is better endowed with some problems than others -- for example, resource development, international trade, foreign ownership -- specialization will result, and with specialization, innovation and the potential for the export of ideas.

**Similarly, to the extent that Canadian problems are unique, importation of ideas and technique will have its limitations: "Theories developed and perfected in relation to the economies of Britain and the United States, while perhaps intellectually satisfying, could not by themselves be adequate instruments for analysing the economic life and difficulties of Canada. Neither Marshall's Principles nor Taussig's Principles, nor, later, Keynes' General Theory, could be applied directly to a country where the price system, though no doubt ultimately dominant, was complicated and distorted by significant national peculiarities."<sup>1</sup> By way of example of the latter, Macpherson cites "political rigidities such as the tariff." It is symptomatic of developments in the decade since he wrote that the present stance of Canadian economists is to get rid of such distortions so that the principles will apply; nature copies art.**

J. H. Dales has pointed out that, in fact, nearly the whole of modern economic theory was developed by scholars working in three countries, England, Sweden, and the United States.<sup>2</sup> His intent was to show the absence of Canada -- about which there can be no debate -- but he unintentionally raises the question of the legitimacy of the American contribution, an issue of some relevance to Canada given the present Americanization of everything, including economics.

In fact, there would be little disagreement with the statement that economics was overwhelmingly British, rather than American, in genesis until after the Second World War. Walter Heller has recently listed five significant contributions to economics since the 1920s: (1) Keynes' "spectacular rescue ... of economics from the wilderness of classical equilibrium"; (2) Hansen's "Americanization of Keynes"; (3) Kuznetz' "seminal work on the concepts of national income and gross national product"; (4) Samuelson's "neoclassical synthesis"; (5) "computer-oriented economists whose qualitative work is increasing the scope and reliability of economic analysis and forecasting."<sup>3</sup> Although apparently intending to do the exact opposite, he implicitly raises serious doubts about the importance and significance of the American contribution, and anyone else since Keynes, for that matter. Hansen derives from Keynes, quantification and computerization are hardly first-order activities -- and econometrics is more Dutch than American in origin; Samuelson's neoclassical synthesis is little more than a transparent attempt to impose order on his best-selling textbook. **It would appear that the United States took the neoclassical economics of Britain, including Keynes, and mathematized, quantified, and computerized it. In the process, any indigenous roots, such as Veblen's institutionalism, were sloughed off.**

At the risk of only slight exaggeration, it may be said that American economics, at present so dominant in the First and Third Worlds, is a fragment of British economics. The latter was predominantly liberal bourgeois, and the former more so; witness the greater intolerance toward Marxism in Cambridge, Massachusetts, than in Cambridge, England. Economics became respectable within the United States as Keynesian economics, demonstrating, incidentally, the inherent limitations of Keynesian economics. Once dismissed as the dismal science, economics has been riding high ever since. John Kennedy brought top economists into the White House. It is difficult to avoid the conclusion that the export of American economics reflects more the dominant position of the United States in the international economy and polity than innovation *per se*; the pen is not mightier than the sword. For reasons of power, that present American economics understandably ignores, the economics of the centre has become the economics of the margins.

The state of economics in general, then, consists of neoclassical and Keynesian economics filtered through American technocracy, and this has profound implications. Political economy, slowly dying in the hands of the British, was decisively transformed into quantitative economics. American economics is the quantification of quantification. In the process, the theory economists use has been emptied of the political.<sup>4</sup> The modern economist sees himself as concerned with allocating scarce means among competing ends. He sees economic theory as a set of techniques that gives the best solution to this "fundamental" problem. The answer invariably turns out to be the use of markets, and endless energy is devoted to discovering their minor imperfections and to fighting false battles with businessmen and civil servants openly committed to the free enterprise ideology.

In the process what is ignored is that the market economy is not a neutral mechanism that can be allowed free reign in a society without the most profound political and social implications which, in their turn, constrain the solutions which economists can put forward. **The market economy creates the market society and thereby a set of institutions and values which are anything but neutral. Suddenly, important things like the distribution of income and wealth become sacrosanct, for to challenge them would undermine the incentives requisite for the operation of the market economy -- that is, it would undermine the power elite which has most to gain from the operation of the market economy. Economists become, without quite being aware of it, rationalizers of the status quo.**

Even that is not the end of the matter. Economics has become increasingly a technology characterized by great abstraction and high-powered technique. Jacques Ellul has written<sup>5</sup> about the triumph of technique and its increasing autonomy from social and human considerations. As he makes clear, economics is a leading example of this disease. If economists say sensible and humane things, as they sometimes do, it is in part by accident, by a process of random truth. In politics, we speak of the radical right and the radical left. Abe Rotstein has suggested that modern liberal economists belong to the radical centre. As intellectuals and citizens, they are usually in the centre of the mainstream, or at most slightly to the left. But as technocrats, using techniques increasingly developed out of the exigencies of economic theory or adapted from the physical sciences, they may build models and propose policies which are genuinely radical in the sense of the social disruption that would result from their serious application. **A case in point is that, in a world of tariffs, there is an almost universal commitment of economists to free trade, including its unilateral pursuit. In this fashion, economists tend either to support the status quo by their irrelevance and absurdity, or to contribute to the further disruption of a world that is already out of control.**

**Consider poverty as a case in point. In the last decade it has suddenly become visible in North America. The only economist who played any significant role in this discovery was John Kenneth Galbraith, and he is not highly regarded within the guild. The oversight is not surprising, for economists for at least the past century have not had anything important to say about the causes of poverty. Unwilling or unable to diagnose, prescription becomes haphazard. Economists talk about the poor as if they were dealing with dropouts who need a little help in shaping up. The possibility that industrialization, at least under capitalism, creates the poor in the very process of creating the affluent -- or, worse still, that the affluent owe some considerable portion of their affluence to their ability to exploit others at home and abroad -- is rarely perceived. The absence of perception, combined with the technocratic bias, is fatal to policy. Elaborate proposals to reform tax systems<sup>6</sup> or apply cost-benefit techniques to poverty programmes,<sup>7</sup> mask the distinct possibility that liberal democratic societies, like Canada, are unable, because of their power structure, to do anything serious about correcting poverty.**

If the economist is a technocrat, then what manner of intellectual is he? A distinction must be made between the expert as traditional intellectual and the expert as organic intellectual. The former devotes himself to a critique of the way it is. The latter devotes himself to working for the system, not only, or even primarily, by helping in his small way to solve its problems -- which is largely legitimate and proper -- but rather by rationalizing its operation; by developing theory which ends up proving that this is really the best of all possible worlds, by endlessly debating minor differences in policy so that everyone forgets, partly through fatigue, that there may be major alternatives that no one is ever taking the bother to try to conceptualize. **The economist today, with rare exceptions -- the latter notably being Marxists such as Baran and Sweezy<sup>8</sup> -- is an organic intellectual; fundamental criticism is passé.**

**To perceive the nature of present-day economics yields insight on the state of economics in Canada. If economists exist to rationalize or justify the economy, then those in a branch-plant economy rationalize the neocolonial situation. The status of the Canadian economy is hardly in doubt. Its efficient functioning rests on the turning out of branch-plant intellectuals, or organic intellectuals**

**twice removed from the seats of power. As the Canadian economy has become Americanized, it follows, with only a short lag, that its economics must be Americanized as part of the broader process of Americanizing the educational system, both as institution and technique. John Porter has shown<sup>9</sup> how the Canadian elites systematically neglected higher education so as to remove potential threats to their power; in the process they neglected even their own education and contributed to the drain of power outward to the United States.**

It would appear, indeed, that they failed even to run the branch plants efficiently, much less to create any kind of independent economy with a capacity to generate growth on its own. The great educational push in Canada in recent years is intended to improve the efficiency of the branch-plant economy. The process has been abetted by the importation of American academics, particularly in the social sciences. Rhetorical support for reformist measures to improve the performance of the branch-plant economy without changing its structure has been offered by the Economic Council, itself an emasculated version of the United States Council of Economic Advisers, with its research often done by economists otherwise employed by the Canadian-American Committee, a lobby group for North American economic integration, that is, for Canada's political disintegration. **Canadian economists have made their contribution by, with few exceptions, demonstrating that the benefits from foreign investment are large and positive and, to the extent they are less than they might be, should be increased by abandoning the Canadian tariff. As apologists for the American-based multinational corporation, they are outranked only by American economists in the employ of American business schools. The Canadian case is no exception to the rule that an economy gets the economists it deserves.**

Separate departments of political economy did not emerge in any significant way in Canada until the last decade of the nineteenth century. The initial tendency was to import scholars. As J. J. Spengler observes in the preface to the only book-length study of Canadian economic thought, by C. D. W. Goodwin: "Not until after World War I did Canadian scholars begin to contribute to the progress of economic science in general."<sup>10</sup> Following Goodwin, an examination of the appointment of W. J. Ashley to the first chair in political economy at the University of Toronto is illustrative of persistent phenomena. Ashley was an economic historian, not a theorist. When he came to Toronto, economic theory, especially as applied to commercial policy, was a source of bitter controversy in Canada consequent on Macdonald's National Policy in defiance of British free trade. Ashley was interviewed by the provincial premier, and it was clear that, being an economic historian, it was anticipated that he would not adopt a doctrinaire position; in fact, he did not disappoint. Nor was it an accident that economic historians were reliable protectionists, for economic history, as born in Germany and England, was a reaction to the laissez-faire bias of classical economics. In the event, Canadian economics, particularly at Toronto, was biased for the long run towards economic history. The occasional indigenous character of Canadian economics can be seen as an unexpected benefit of the tariff; when Dales refers to "the sad effects on Canada's intellectual life of the duel in the dark between commercial protectionists and their opponents," he is in the curious position of an economic historian created by the tariff and now attacking it.

(...)

The breakdown of the British empire in the interwar period permitted economics to develop at the margin. "Economics came of age in Canada in the 1920's" (Dales). The so-called Toronto school of economics, associated particularly with the work of H. A. Innis and to a lesser extent with W. A.

Mackintosh of Queen's University, emerged as the first and last evidence of an indigenous Canadian economics. Dales has maintained that Innis' monographs on the fur trade and the cod fisheries are the only outstanding works in economic history that relate to a non-European country. The unifying theme was the emphasis on staple production for export in new countries:

**Concentration on the production of staples for export to more highly industrialized areas in Europe and later in the United States had broad implications for the Canadian economic, political and social structure. Each staple in its turn left its stamp, and the shift to new staples invariably produced periods of crises in which adjustments in the old structure were painfully made and a new pattern created in relation to a new staple.<sup>11</sup>**

**As economics, it was necessarily political economy: "The so-called Staple Theory, which is commonly used to explain economic growth in Canada, is really a pseudonym for a kind of imperial relationship."<sup>12</sup> Innis was creating not only a new economic history that would go beyond the traditional constitutional bias to focus on the interaction of geography, technology, and institutions, but also a new history of Canada -- *vide (refer to)* particularly the writings of A. R. M. Lower, the early Creighton, and the so-called Laurentian school -- and ultimately a new economics, at least in the negative sense, of dissent from the mainstream.**

Innis, the Canadian Veblen, rejected both Marshallian equilibrium analysis and Keynesian short-run monetary analysis. He was able to exploit the already established bias toward economic history at Toronto, the peculiar weakness of economics generally as a discipline in the 1920s - its sterility between Marshall and Keynes, with the latter saving the discipline from the worst of all fates, irrelevance -- and the momentary freedom as Canada moved from the British to the American empire. Briefly, novelty was possible.

***Though after 1940 Innis was to turn from Canadian economic history to universal history, there are numerous trenchant observations by him on the consequences of American imperialism for Canada and an implicit recognition of the futility of Canadian economics. His death in 1952 ended a dominance over Canadian social science that was more than intellectual -- he both chaired the Toronto Department of Political Economy and was Dean of the Graduate School -- and facilitated an Americanization of Canadian economics that has virtually obliterated his own work.*** It is tempting to assign the blame to his disciples who too often paid him only lip service and dismissed his analysis with that great Canadian cliche, "anti-Americanism."<sup>13</sup> But Daniel Drache has recently demonstrated<sup>14</sup> an inherent weakness in Innis' work that is symptomatic of (non-radical) attempts to dissent within the American system. **Innis was a liberal nationalist for whom Canada, having sprung from liberalism, must develop its own national version. He recognized liberal (American) imperialism, but he did not abandon his faith in Canadian liberalism. The resulting tension made him personally highly productive but socially increasingly irrelevant. His contemporaries, unable to accept his analysis of liberal imperialism, became continentalists. Significantly, a present revival of interest in Innis, of which Drache is the most relevant example, is found among young socialist scholars. Innis, convinced that the price system was the basis of liberal culture and a fundamental protection for the individual, was unwilling to recognize positive government (i.e., state intervention à la 'révolution tranquille' in Quebec? --ed.) and**

**hence precluded the possibility of adequate defence against Americanization. For those without that conviction, Innis' anti-imperialism argues powerfully for the necessity of a Canadian nationalism of the left.**

In the period since the decade of the 1920s, the key event in economics at the global level is, of course, not Innis but Keynes. The combination of Keynesian economics and American imperialism made economics relevant and choked off independent developments in peripheral areas such as Canada. Canadian economics in the wake of the Keynesian revolution returned to its historic mediocrity; Innis survived by transcending the discipline but at the necessary price of irrelevance and neglect. From a low point in the mid-1950s, Canadian economics has recovered via Americanization. Significantly, the critical discovery was that the Canadian economy was a miniature replica of the American economy, with its lesser efficiency attributable to inappropriate Canadian policy. *To stress the commonality of the American and Canadian economies at a time when the latter is a satellite of the former is to offer the most convincing evidence possible of how the political has been drained out of political economy. Innis as doyen of Canadian economics gave way to Harry Johnson of the University of Chicago and London School of Economics, seats of the new and the old imperialism. Where Innis had resisted and Canadianized, Johnson promoted and Americanized.*

That there are benefits, albeit of a second order, from being safely ensconced within the paradigm, should be obvious; the contributions of Canadian economists to the American-dominated discipline have been ably, even generously, detailed by Johnson, and the interested reader is referred thereto.<sup>18</sup> In the days of the British empire, Canadian insistence on a protective tariff inhibited the importation of British classical economics. The result was not creativity but backwardness and mediocrity. In the days of the American empire, the rhetoric of pro-imperialism may be less, but the reality in terms of economic policy greater. The inhibitions once imposed by the tariff have been transcended, directly by a spate of monographs both beating the tariff to death in its own right and attributing any alleged costs of foreign ownership -- the new concern of the masses -- to the tariff, and indirectly by opting in the American tradition for technique over relevance. Mediocrity has given way to competence, and the Canadian economist as technocrat has earned the respect of his American counterpart. By accepting the imperial rules of the game, he can, as in the case of the Carter Commission on Taxation, work out policies of a purity and rationality denied to those who work in the less tidy and more pathological seat of power.

**But quantity and competence are not to be confused with creativity. If economics in Canada is to become something other than a rationalization of a satellitic economy, then, short of the liberation of the economy and the consequent liberation of economics -- admittedly the reliable though improbable route -- Canadian economists must begin the struggle of coming to grips with the power structure within which the economy is imbedded. By ignoring power, the economist, in Canada and elsewhere, claims to be apolitical. Unfortunately, he seems simply to be trapped in the existing constellation of power and ideology, and to be deeply political in a sense that only the innocent can be.**

It must be conceded that the future of economics lies largely outside our hands, though the revival of Innis is a useful technique of resistance for the sake of a Canadian economics. The revival of interest within the United States in Marx, as the last political economist, is a more hopeful development, not only because

of the immediate relevance of even a fossilized Marxism, but primarily because it implies a subversion of the present paradigm that is a prerequisite for a new synthesis and leap forward.

**Ultimately, however, there can be no escape from the rule that economics follows the economy. The increasing contradictions of American capitalism and, less certainly, the mounting concern for Canadian independence, suggest the possibility that economics in the 1970s may at least return to the creativity it demonstrated, at both the centre and the margin, in the interwar period. Until that happens, however, the non-economist heeds us at his peril.**

#### NOTES

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- 4 The remainder of this section draws in part on the author's "Economics and Mystification," *Journal of Canadian Studies*, vol. **rv**, no. 1 (Feb. 1969), pp. 55-9.
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# **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

## **Chapter 1: Canada and the Cold War**

*(All emphasis by the Web Ed.)*

**The development of Canadian foreign and defence policy in the period after the end of World War Two cannot be understood except within the context of the Cold War. During this period Canada moved away from the policy of isolation which had been followed during the inter-war period. However, the move was not towards universalism, with primary stress on the United Nations; it was a move towards a more limited involvement in military alliances, which were under the predominant influence of the United States.**

**It can be argued that the increased integration of Canada into the sphere of influence of the United States would have happened without the development of Canada's defence policy. At least since World War I there was a definite trend towards the integration of the economies of the two North American countries. This increasing dependence on the United States was undoubtedly assisted by the decline of the power and influence of Great Britain. Nevertheless, it is the thesis of this book that the post-war defence policy of Canada greatly accelerated American influence in Canada. And the most important factor in creating a climate of public opinion in Canada which would accept the integration of Canada's defence forces into military alliances dominated by the United States was the rise of the Cold War and the willingness of Canada's political and economic leaders to accept the American view of international relations in the post-war world.**

In the view of the American political leaders, the threat to the West was twofold. First, there was the general threat of communism, ideological, economic and political. This was the threat to the "free world" and the market economy. It had to be contained. Second, there was the threat of the Soviet Union. The government of the United States was able to convince the leaders in the West that the Soviet Union was capable and willing to spread her brand of communism through direct military means. This view provided the rationale for the military alliances: they were needed as preventive measures against armed aggression. Furthermore, the governments of the West in general were able to convince public opinion that Marxism was not an indigenous political movement, but that it was always the tool of the Soviet state. When the Canadian government agreed to join the alliance systems in the post-war period, they accepted this view of the communist threat, and they agreed to follow the leadership of the United States.

### **U.S. Policy in the Early Post-War Period**

Today the Cold War between the United States and the Soviet Union seems almost ended. Both countries seem to want to follow a policy of "peaceful co-existence." The only issue which blocks a more comprehensive international settlement between the two superpowers is the existence of the war in Vietnam. The United States has such a long and total commitment to the anti-communist position in the war

in Southeast Asia that she has found it very difficult to withdraw. At the same time, the Soviet Union feels the need to publicly display support for North Vietnam and the National Liberation Front in order to maintain her influence among other communist movements. The fact that the Soviet Union continues to seek to expand the detente with the United States in the face of the highly unpopular U.S. war in Vietnam is a testimony to the determination of the government of the Soviet Union to pursue a policy of accommodation with the West.

This is not the place to consider the rise and fall of the Cold War. Nevertheless, it is necessary to look at the position of the American government towards Europe in the post-war period. It was this basic policy which led to the creation of the North Atlantic Treaty Organization and the development of continental air defence, the two alliance systems which became the central focus of Canadian defence and foreign policy.

Since the development of the detente with the Soviet Union, there has been a reassessment of U.S. foreign policy in the post-war period. Up to the publication of D. F. Fleming's two-volume work, *The Cold War and its Origins* in 1961, the academic explanation of international relations in the post-war period was indistinguishable from the official foreign policy line being issued by the State Department.<sup>1</sup> Professor Fleming's break with tradition, coming as it did at the beginning of the period of detente, inspired a host of other studies which re-examined the history of the Cold War period.<sup>2</sup> This reassessment was aided by the opening of the U.S. archives and other private papers, plus the fact that as time passes, and people become less involved in events, they are more able to take an objective, analytical view of the past.

The Cold War did not really begin with the breakdown of relations between the USSR and the United States after World War II. In fact, the conflict had existed since the success of the Bolshevik revolution in Russia in 1918. This is a fact that all historians seem to accept. The Western opposition to communism and socialism was subordinated during World War II to a common objective — the defeat of expansionist fascism in Germany, Italy and Japan. But the basic ideological conflict was bound to reappear after the end of the war. The question now being discussed by historians is whether the intensity of the Cold War was necessary, or whether the Soviet Union, under the domination of Joseph Stalin, was ready to make a diplomatic settlement in 1945 with the United States. For years Walter Lippmann, the influential American columnist, suggested that the two superpowers could and should make an overall settlement of political conflicts. In the past great powers were able to make such arrangements. But the fact is that the political leaders in the United States never considered the Soviet Union to be just another powerful state: she was head of an ideological system which was opposed to capitalism and was committed to the promotion of socialist revolution.

**The new school of "revisionist"<sup>3</sup> historians believes that Stalin was willing to make a diplomatic settlement with the United States in the post-war period. Most likely this was due to the fact of the weakness of the Soviet Union at the end of the war. But it has also been argued that the Soviet Union was never an active promoter of revolutionary communism after accepting the policy of "socialism in one country."** The first duty of all communists was to defend the Soviet Union. Therefore, whenever there was a conflict between Marxist-Leninist theory and the national interests of Mother Russia, revolution would have to wait. Today, a good case can be made that the Soviet Union is still following such a policy. If the governing class in the Soviet Union believes that it is in the interest of the Soviet Union to make a settlement with the United States, then in order to promote this settlement it is useful to dampen

revolutionary movements which threaten U.S. interests in the Third World. Today it is very difficult to document a position that holds that the Soviet Union is the center of revolutionary socialism. In fact, the U.S. government views the revolutionary ideology of the Chinese brand of communism and Cuba's promotion of Third World revolution as the chief threats to Western interests.

Most of the new interpretations of the origin of the Cold War believe that the administration of Franklin Roosevelt was willing to continue wartime cooperation with the Soviet Union into the post-war era.<sup>4</sup> It may have been true that the ideological conflict would re-appear after the common enemy disappeared, but if there was to be peace there had to be big-power cooperation. Roosevelt, it is argued, went out of his way to convince Stalin that the United States was not going to join an Anglo-Saxon crusade against the Soviet Union, and that he believed that agreement was possible because the two countries had no outstanding differences in policy. Such a strategy would have to accept the dominant position of the Soviet Union in Eastern Europe.

It may be that it was inevitable that anti-communism was again to become a factor in American politics. But most of the revisionists have felt that the death of President Roosevelt and the elevation to the Presidency of Harry S. Truman at least hastened the process. **In any case, it is clear that the Truman Administration did not agree with any wartime arrangements which granted the Soviet Union a sphere of influence in Eastern Europe. At the Potsdam Conference in the summer of 1945 President Truman, backed by the new Labour Foreign Secretary, Ernest Bevin, made clear the policy of trying to force the Soviet Union out of Eastern Europe.**<sup>5</sup> The policy aim of the Truman Administration has been outlined by Paul Nitze, at the time a member of the Policy Planning Staff of the State Department: "In 1948 it was our purpose that the . . . area would come to be governed by regimes responsive to the will of the peoples of Eastern Europe—in other words, that it would be in the power zone of the free world. . . ."<sup>6</sup>

Nevertheless, the only way that the Truman Administration could succeed in this aim was to eject the Red Army by force of arms. And in spite of the fact that the United States had a monopoly on the atomic bomb, the public would not permit such a war. Demobilization was in full force; in fact, in January, 1946, American troops in Europe were rioting and demonstrating, demanding to be sent home. The government planners in Washington were concerned that the demobilization process was weakening the hand of the United States in negotiations with the Soviet Union. Yet, they believed, "agreement was impossible without the strength to compel it."<sup>7</sup>

By the end of 1946, it appeared that the Truman Administration and the Atlee Government were opposed to any political settlement in Europe. Yet the "Iron Curtain" had not been drawn down over Europe. The Soviet Union still permitted wfdt travelling by Westerners. The Czechoslovakian government was still democratic in the Western liberal sense. The former German allies in Eastern Europe, Bulgaria, Rumania and Hungary, still possessed united-front governments "with significant participation by non-Marxist parties. The Soviet Union was still preaching peaceful co-existence with the West, and Communist Parties abroad were following the line of cooperation (they were in the Governments in Belgium, France and Italy). Furthermore, there was developing in the United States a political movement headed by Henry Wallace, Vice President under Franklin Roosevelt, which opposed the hard-line anti-communist foreign policy of the Truman administration.<sup>8</sup>

*Formal pronouncement of the Cold War came in 1947, with the Truman Doctrine. As a result of the Moscow meeting in October, 1944, between Winston Churchill and Joseph Stalin, which divided post-war influence in the Balkans, Great Britain had been in the process of attempting to restore a Royalist regime in Greece. This effort was strongly resisted by a large group of Greek republicans, socialists and communists. On February 24, 1947, the British government informed the United States that they could no longer support the effort financially and would have to withdraw. The United States government decided to assume the British role in Greece; this civil war had become a "struggle against communism."<sup>9</sup>*

At the same time, the United States decided to grant aid to Turkey, who had been experiencing diplomatic pressure from the Soviet Union since March 19, 1945. The Soviet Union was unhappy about Turkey's stand during World War II, which had obviously aided the Nazi regime in Germany. In addition, the Soviet Union had asked Turkey to give back the two provinces they had seized in 1918 at the time of the Russian collapse. They were also demanding a revision of the Montreux Convention governing the Dardanelles Straits, limiting membership to riparian states. In contrast to Greece, there were no local communists operating inside Turkey: communist movements had been outlawed, and individual communist leaders had been systematically eliminated. However, because of Soviet diplomatic pressure, the Turks maintained a large army, which cost approximately 58% of the national budget and over half the national income. American aid was to help defray these enormous expenses and to create closer ties with the West.<sup>10</sup>

**President Truman's message to Congress was more than a simple request for aid: it was the announcement of a crusade against communism. At the same time, the first part of the message made it clear that the United States was assuming leadership of the "free world," rejecting any isolationist impulse, and would defend the vital interests of the Western powers wherever they might be (in this case, in the Mediterranean and the Middle East).**

The ideological terms of the message were clear: "at the present moment in world history nearly every nation must choose between alternative ways of life." The United States would fight the cause of "freedom" everywhere, including giving aid to "free people" who were experiencing "indirect aggression" those who were resisting "subjugation by armed minorities." This was a direct reference to the Greek civil war, and a warning to the Communist Parties in other Western states, particularly France and Italy. The United States was not going to "allow changes in the status quo in violation of the Charter of the United Nations by such methods of coercion, or by such subterfuges as political infiltration."<sup>11</sup>

**The Truman Doctrine was greeted with skepticism in much of Canada. The Canadian Forum, following the line heard often in Europe, denounced the demand that all countries make a choice between free enterprise capitalism and communism, and suggested that democratic socialism was the real answer to "the expansionism of the Kremlin and the defensive imperialism of Wall Street."<sup>12</sup> Others pointed out that this would place the United States in the position of supporting reactionary regimes all over the world, and that the United States was declaring war on revolution as a means of change, thus denying her own heritage. Others objected to the fact that the aid programme was bypassing the United Nations. Furthermore, the Royalist regime that Great Britain and the United**

States were supporting in Greece was one of the most reactionary in the world, and could hardly be described as either "free" or "democratic." The State Department, in its own presentation to the U.S. Congress, had described the governing regime in Turkey as an "authoritarian state," with single party rule, strict restrictions on civil liberties, state capitalism, no freedom to criticize the government, and with widespread areas governed under martial law. But the two regimes had a saving grace: they were anti-communist and not opposed to Western influence.

**In April, 1947, Henry Wallace** (*dissident populist critic US, Vice-President under Roosevelt 1933-1946 --Webster's*) undertook a speaking tour of Europe, criticizing the Truman Doctrine and the anti-communist foreign policy in general. Everywhere, he was well received.<sup>13</sup> However, many officials and political leaders in the United States felt that his activities were bordering on treason. The Canadian Prime Minister, Mackenzie King, joined in this denunciation. At a press conference he condemned his speaking tour: Wallace's performance, according to Mr. King, was "a most astonishing thing. . . . I don't like it at all . . . and I think it is an unfortunate example."<sup>14</sup>

The reaction in Europe to the Truman Doctrine was traumatic. The Communist Parties were expelled from the Belgian, French and Italian cabinets, the beginning of a chain reaction. In Hungary, the Communists moved to seize complete control by expelling the non-socialist parties from the governing coalition. The Soviet Union tightened their hold on the Communist Parties in Rumania and Bulgaria, Poland, and East Germany. In Yugoslavia and Albania, where there were no Soviet Troops, the Communist regimes were already in full control. Within the Soviet Union, the influence of Andrei Zhdanov increased, and the official party line began to return to the ideas of inevitable war with capitalism.

**The Marshall Plan** (*the US-led plan of major financial aid for the rebuilding of war-ravaged Europe -- Ed.*) was an essential part of American strategy in Europe at this time. As President Truman noted in a radio address to the nation, "the most imminent danger exists in France and in Italy. If the economies of these countries collapse and the people succumb to totalitarian pressures, there will be no opportunity for them or for us to look forward to another recovery so essential to world peace."<sup>15</sup> Joseph M. Jones, the State Department official involved in the drafting of the programme, concludes that "had there been no Truman Doctrine, there probably would have been no Marshall Plan." He quotes President Truman as saying that they were "two halves of the same walnut."<sup>16</sup> **The Harriman Committee on Foreign Aid described the Marshall Plan as "a political weapon of first-rate importance."** It was necessary to stem any trend towards socialism or communism.<sup>17</sup>

Furthermore, the idea of economic aid to Europe at this time eminently suited the problems facing the American economy. The Marshall Plan would alleviate the European dollar shortage and promote buying from the United States. It would create liberal trading patterns. It would help head off the predicted recession. Furthermore, aid was to be directed to private enterprise only, and the administration of the programme was to be by American businessmen.<sup>18</sup> The only problem was how to exclude the Communist states and still make it appear to be a humanitarian programme. The State Department came up with proposals which would make the programme unacceptable to the Soviet Union.<sup>19</sup>

**In Canada, the reaction to the Marshall Plan was generally favourable. A large segment of the population was disturbed about the ideological tone of the Truman Doctrine, and the European**

**Recovery Programme seemed to be a more liberal approach.** Furthermore, it was just in time to help the Canadian economy out of crisis. Immediately after the war, Canada had contributed to the recovery of Europe, in fact, proportionately more than the United States. But by 1947 the situation had changed. This contribution had been drastically cut back because of the crisis of exchange reserves. In November, 1947 Canada appealed to the United States for aid. The Canadian government was then able to announce that Canada was to improve her financial liquidity by operating under the "off-shore" purchasing rights under the ERP: the United States government would give the European countries U.S. dollars with which they could then buy Canadian products. Some felt Canada should be doing something of a positive nature to aid European recovery, and not just profit from Europe's misery. But there can be no doubt that the Marshall Plan contributed to continuing Canadian prosperity.<sup>20</sup>

There were two other events which contributed to the rise of the Cold War and the push towards the formation of NATO. These were the (*Russian Soviet's -ed.*) Communist Party's coup d'état in Czechoslovakia and the crisis over the Berlin blockade. The events in themselves were not surprising, all things considered. What was significant was how they were interpreted in the West, and how they were used by government and political leaders to create a climate of anti-communist hysteria.

For all intents and purposes, Czechoslovakia was within the Soviet sphere of influence, even if there were no Soviet troops occupying the country. The socialist revolution had begun in 1945, and in the free election of 1946, the Communist Party had won 38% of the vote and had formed the Government. However, internally there were changes. The government was embarrassed by Soviet demands that it not join in the Marshall Plan. The moderates, like Jan Masaryk, had been shocked by the announcement of the Truman Doctrine. The Social Democrats, who were part of the coalition government, were moving to the right; and the non-Marxist parties felt their share of the vote would increase in the 1948 election. In view of the reaction to the Truman Doctrine in Eastern Europe, it was only a matter of time before the Communist Party, under the strong influence of the Soviet Union, tightened control. The consolidation occurred in February, 1948. In Prague, there was no visible opposition to the move. Yet in the West, the coup was generally viewed as an example of "Soviet aggression."<sup>21</sup>

**The other crisis that contributed to the formation of NATO was the Berlin blockade in the summer of 1948.** In the period after the war, it soon became apparent that the Four Powers were pursuing different policies towards Germany, and agreement on common policies, as specified in the Potsdam Conference, was impossible. Because of this, the allies found they could not treat Germany as a single economic unit. In violation of previous agreements, on January 1, 1947, the United States and Great Britain fused their two zones. The Soviet Union protested, but this marked the formal end of the Potsdam Agreement in Germany. In February the Western powers met in London, to determine the future of Germany, without inviting the Soviet Union. On March 30, General Lucius Clay, the U.S. administrator in Berlin, announced that a new currency would be introduced into the bi-zonal area. When it was introduced, on June 23, 1948, the Berlin blockade began. The issue was settled in May, 1949 when the Soviet Union capitulated. Everywhere in the West, politicians and government officials used this crisis to show the aggressive nature of Soviet foreign policy.<sup>22</sup>

American policy towards Europe in the post-war period was quite consistent after the beginning of the Truman Administration. It supported the principle of rolling back Soviet interests in Eastern Europe, and the re-integration of these countries into the Western European context.<sup>23</sup> First, the United States wanted to

re-establish their economic links with the West.<sup>24</sup> Second, they wished to restore the non-communist political regimes in those countries. However, this policy which was stressed by the Truman Administration could not have succeeded without removing Soviet military forces from the area.

**The second key to American policy in Europe was to restore the capitalist nature of the Western European economy, its trading ties with the United States, and to insure that the governments in these countries would remain non-communist. The Marshall Plan, military assistance, and NATO accomplished this goal.**

**All else was subordinated to these goals. There is a great deal of mystification in the West, including Canada, about the crusade for a "free world." But what does this mean? Does it mean that the West, and NATO in particular, is leading a crusade to create liberal-democratic "open" societies? If one takes a good look at the military allies of the United States, it is clear that this is not the case. Not even in Western Europe. Most of the countries which make up what the West calls the "free world" have dictatorships of one sort or another. Some, like those in Spain, Portugal, Greece and Taiwan, are classically fascist in organization. The allies of the United States in Latin America are characteristically military-dominated right-wing regimes.**

(...)

In 1946 Canadians watched the contest in the United States between those who supported the hard line approach towards the Soviet union, advocated by President Truman and Senator Arthur Vandenberg, and the remnants of the New Deal Era (*US President Roosevelt's economic rescue package to combat the Great Depression --Ed.*) who supported the more moderate approach towards the Soviet Union, led by Henry Wallace.(37) Liberal opinion in Canada was not sympathetic to the Wallace approach.(38) But even the voice of leadership of the social democrats was not impressed by the Roosevelt-Wallace concept of relations with the Soviet union. **The CCF attitude was characteristic of the British Fabian tradition, and in Canada this had taken the form of rather pronounced anti-communism. And with a Labour Government in Great Britain, under the influence of the militant anti-communist, Ernest Bevin, there was little chance that they would take a peaceful coexistence line. For example, Frank Underhill, writing in the Canadian Forum, described Henry Wallace as naive; he generally supported the Churchillian policy of Western domination of the Mediterranean in order to keep out Soviet influence.<sup>39</sup>**

**The political leaders in Ottawa and the policy makers in the Department of External Affairs seemed to welcome the Truman hard line.** The Ottawa editor of *Maclean's* magazine reported in December, 1946 that Canadian officials seemed "to be pretty unanimous against the Henry Wallace approach." In reflecting on the international meetings held in 1946, External Affairs officials expressed dissatisfaction that the United States and Great Britain had not bothered to answer the long speeches of the Russians but seemed to rely too much on their ability to win all the votes.<sup>40</sup> In some instances, the Canadians felt that the United States' officials had not been tough enough with the Soviet Union. For example, during the UN debates on disarmament, they felt that the U.S. should have taken a stronger stand and called the "bluff" of the Soviet Union through straight political opposition.<sup>41</sup> If the general public had not accepted the crusade against communism by the end of 1946, it seems clear that Canada's political leaders had.

**The following year was the year of the Truman Doctrine, and the formal declaration of the Cold War. It was also the year that Canada became committed to the system of continental defence against the military threat of the Soviet Union, through the agreement of February 12 with the United States.<sup>42</sup>**

**The trend towards military integration into alliances systems inevitably dominated by the United States did concern some Canadians. They could see that this would compromise Canada's political independence, and in fact could make Canada a satellite or "colony" of the United States. For example, Professor A.R.M. Lower expressed the views of many sentimental Canadian nationalists:**

**(") Canada . . . could at the moment, along with other genuine neutrals, be a mediator of some consequence between Russia and the United States. Unfortunately, she has lost this opportunity, for it is easy to see where our views, sympathies and alignments already lie. That is why possible British actions are no longer of much concern.(")<sup>43</sup>**

**He (Professor Lower) could see already what was happening to Canada. What he wished to see was "a new nation arising with its own way of life, its own cultural accomplishments and its own contributions to the world's civilization. Those who wished to be neither Americans nor British, but just themselves— just Canadians."<sup>44</sup>**

### **The Impact of the Cold War on Canada**

**There is no doubt that the Cold War has intensified the problem of creating a Canadian nation and organizing a # rational development of the economy. In the economic area, the Cold War has increased our dependence on the United States in trade, and it has contributed to foreign takeover of the Canadian economy, by American interests in particular. The total impact of American corporate capitalism on Canada has led to a distorted development of the economy. It is the major factor responsible for our relatively low rate of growth and continued high unemployment. In fact, as many have pointed out, we have no national economy in Canada; we only have a branch plant copy of the United States, irrational and in many ways inefficient. Today, Canadians find that they have little control over their own economy because of its structural development and its integration with the American economy. The ideology of the Cold War provided a rationalization for this development.**

**At the same time, the Cold War has had a tremendous impact on our political development. Once we accepted the anti-Soviet hysteria put forth by American officials and leaders, Canada became a junior partner in the world-wide anti-communist crusade. This meant we usually had to follow the leadership of the United States, even if our governing officials occasionally felt a certain policy was unwise. We gave up what chance we had to pursue an independent line of moderation and conciliation. The territory of Canada, through the various defence integration schemes, has become little more than an extension of the United States. Furthermore, the anti-communist propaganda that was such an integral part of the Cold War created an atmosphere at home which stifled arguments on political, economic and social reform. It helped push Canadian politics away from community development, based on the needs of the people, towards a laissez-faire approach which has contributed to the problems of regional disparity and urban sprawl which now face us. In effect, the Cold War has been a disaster to Canadian nationhood.**

A good case can be made that the trend towards political and economic integration with the United States was well under way before the era of the Cold War, and thus was inevitable no matter what happened after World War II. Certainly, the shift could be seen in trade and other economic statistics. After World War I, Canada's foreign policy was isolationist, resistant to any scheme for Imperial Defence. But while our political leaders (particularly those of the Liberal Party) were stressing the need to become independent from the British Empire, they were not creating a Canadian nation in its place. **The general trend has been summarized by Harold A. Innis, Canada's best known economist:**

(") The change from British imperialism to American imperialism has been accompanied by friction and a vast realignment of the Canadian system. American imperialism lacked the skill and experience of British imperialism and became the occasion for much bitterness. . . . Branch plants of American industries were built in Canada in order to take advantage of the Canadian-European system and British imperialism. As part of her east-west programme, Canada had built up a series of imperial preferential arrangements in which Great Britain had felt compelled to acquiesce and which proved enormously advantageous to American branch plants.  
Paradoxically, the stoutest defenders of the Canadian tariff against the United States were the representatives of American capital investors. Canadian nationalism was systematically encouraged and exploited by American capital. Canada moved from colony to nation to colony.(") (...)

However, the period since World War II has seen a closer tying of the Canadian economy to that of the United States, particularly in the area of export trade. **By 1968, about 70% of all Canadian trade was with the United States.** Furthermore, this period saw the dramatic increase in the takeover of the economy, as American firms bought out Canadian and other foreign firms. By 1962, many important areas of the economy were under American domination: 60% of all manufacturing industry, 75% of petroleum and natural gas, and 59% of mining and smelting.<sup>46</sup> This situation led John Porter to conclude that "no other nation as highly industrialized as Canada has such a large proportion of its industry owned by non-residents."<sup>47</sup> No country can pretend to be independent when it is so completely dominated by a single foreign power. And this economic domination is increased by the geographic proximity of that great power and its total cultural influence on Canada.

But of more significance than just the fact of quantitative domination of the Canadian economy is the qualitative influence of Canada's position as a neo-colony (albeit with a high per-capita income). Canada, as the table below shows, is very dependent on international trade:

(Table) Exports as a Percentage of Gross Domestic Product, 1962

Canada	22.2%
United Kingdom	22.1%
Italy	18.9%
West Germany	17.5%
France	13.9%
Japan	11.0%
United States	4.6%

Source: A. Raynauld, *The Canadian Economic System* Toronto: Macmillan Co. of Canada, 1967, p. 356.

**But it is also important to note the structure of this trade. In fact, it is more typical of an underdeveloped country than an advanced capitalist state:**

(Table) STRUCTURE OF EXPORTS AND IMPORTS, 1962

**Primary Products % of EXPORTS:** Canada 74.3% US 37.7% EEC(UE) 33.3%

**Manufactured Products % EXPORTS:** Canada 25.7% US 62.3% EEC 66.7%

**Primary Products % of IMPORTS:** Canada 31.7% US 62.4% EEC 59.8%

**Manufactured Products IMPORTS:** Canada 38.3% US 37.6% EEC 40.2%

*Source: Andre Raynauld, *The Canadian Economic System*. Toronto: Macmillan Co. of Canada, 1967, pp. 359, 361.*

Bruce Wilkinson concludes that "Canada compares quite unfavourably with the other industrialized nations of the Western world in terms of the share of its exports that are in [the] highly processed category."<sup>48</sup> It is this distortion of the development of the Canadian economy, where we remain largely producers of primary goods and importers of manufactured goods, that has created the huge balance of payments deficits with the United States in the period of the Cold War.

As can be seen from the charts (see page 22, 1970 paperback edition --ed.) Canada's balance of payments problem coincides with the development of the economy: the greater the reliance on trade with the United States, and the increased ownership of the economy by Americans, the greater the deficit with that country. Furthermore, this branch-plant relationship with the United States has held back the natural development of the economy. The figures on the structure of Canada's trade reveal that Canada is not a highly industrialized country. Yet Table III in the Appendix shows that in the period of the Cold War the growth rate of Canada has been the lowest of all the NATO countries with the exception of Luxembourg. It has even been lower than that of the United States. The excuse offered by economists for the low rate of growth of the United States is the fact that it is a "mature", highly industrialized, capitalist economy. But Canada is not. However, the effect of having the economy so closely tied to the United States has been not only a distortion in the pattern of development, but also a slow rate of growth.

In conclusion, it can be argued that the pattern of the shift to a neo-colonial economic relationship with the United States had begun early in the history of Canada. But it can also be argued that this process was greatly accelerated during the period of the Cold War. No country which is so dependent on a great power could claim to have sovereign independence. The cumulative effect of American domination of Canada has meant that our government in Ottawa has felt it expedient to follow the lead of the United States in political affairs.

Yet at the same time, this process has not been one of America forcing herself on Canada. The natural tendency for Canada is to integrate into the larger market to the south. The whole idea of Canada, as a separate independent state in North America, is illogical and probably uneconomical. To resist the natural North-South pull would have required a strong national purpose and political and economic leaders committed to the idea. They would have had to be willing to make short-run sacrifices. Unfortunately for the idea of Canada, our leaders were unwilling to make the effort.<sup>49</sup> Indeed, they had seemed to welcome our role as satellite.

**In the period since World War II, when the people of Canada began to become concerned about the economic integration of the country, Canada's leaders told them that there was no conflict between increased economic "cooperation" with the United States and political independence. Furthermore, they were told over and over again that any attempt to repatriate the economy in the 1960s would mean a drastic drop in the Canadian standard of living (Lester Pearson often used the figure of a 30% drop). Yet there was no statistical or economic study ever produced to support this claim.**

Nevertheless, in the latter part of the 1960s, with the rising concern in Canada over the Vietnam war and Canadian complicity, both diplomatic and economic, our leaders began to change their tune. In 1967, for example, both Lester Pearson, the Prime Minister, and Paul Martin, the Secretary of State for External Affairs, told the Canadian people that they could not act in an independent way (at least with regard to the United States) because of the fact that Canada is vulnerable to retaliation by the United States through economic policy.<sup>50</sup> Finally, our political leaders were willing to admit the facts. But at the same time, they made it clear that nothing would be done. Canadians must now try to understand why this happened.

FOOTNOTES (*Footnotes #3 to #50 on file – Web Ed.*)

1. One writer has described this as follows: ". . . a great deal of the literature on war and strategy consists of studies in depth that are not wide-ranging in their consideration of alternative strategies available for dealing with the opponent. That this should be true of the USSR under the Stalinist aegis is understandable. What is not so easily understood is the fundamental sterility in the approach to the cold war found until recently in American literature on the subject. A hundred flowers have no doubt bloomed, but they have almost without exception been tactical flowers on a single strategic stem." T. V. Sathyamurthy, "From Containment to Independence," *World Politics*, XX, No. 1 (Oct. 1967), 147.
2. For example, see Gar Alperovitz, *Atomic Diplomacy: Hiroshima and Potsdam* (New York: Simon and Schuster, 1965); Richard J. Barnet and Marcus G. Raskin, *After 20 Years: Alternatives to the Cold War in Europe* (New York: Hill and Wang, 1965); Coral Bell, *Negotiation from Strength* (New York: Knopf, 1963); David Horowitz, *The Free World Colossus* (London: MacGibbon and Kee, 1965); Walter LaFeber, *America, Russia, and the Cold War, 1945-1966* (New York: John Wiley, 1967); Sidney Lens, *The Futile Crusade: Anti-Communism as American Credo* (Chicago: Quadrangle Books, 1964); Frederick L. Schuman, *The Cold War: Retrospect and Prospect* (Baton Rouge: Louisiana State University Press, 1962); Ronald Steel, *The End of Alliance: America and the Future of Europe* (New York: Viking Press, 1964); Edmund Stillman and William Pfaff, *The Politics of Hysteria* (New York: Harper & Row, 1964); and Robert G. Wesson, *The American Problem: The Cold War in Perspective* (New York: Abelard-Schuman, 1963).

# **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

## **Chapter 2: Was NATO necessary?**

**As early as 1947 officials of the Canadian Government made it known that they were searching for some alternate to the United Nations: an organization which would unite the Western powers in opposition to the Soviet Union.<sup>1</sup>** Their most important public statements on this idea were the speech of Lester Pearson at the University of Rochester on June 16, 1947; Louis St. Laurent's speech in the House of Commons on July 4, 1947; the proposal made by Escott Reid, Deputy Undersecretary of the Department of External Affairs at the Couchiching Conference in August, 1947; and, finally, the celebrated speech of Mr. St. Laurent to the General Assembly of the United Nations on September 18, 1947. **In the speech to the United Nations, the Foreign Minister began by attacking the use of the "veto" by the Soviet Union and then enthusiastically supported the position of the United States.**

Mr. St. Laurent warned: ("") Nations, in their search for peace and cooperation, will not, and cannot, accept indefinitely an unaltered Council which was set up to ensure their security, and which, so many feel, has become frozen in futility and divided by dissension. If forced, they may seek greater safety in an association of democratic and peace-loving states willing to accept more specific international obligations in return for a greater measure of national security(<sup>?)<sup>2</sup></sup>

(...) he then reviewed the spread of Soviet influence in Europe, and particularly the "tragedy of the countries of Eastern Europe,"...which "have sunk back into a different, but deeper, despotism than they have ever known before." Communism was a threat to "the freedom and peace of every democratic country, including Canada"; the West was then urged to create and maintain an "overwhelming preponderance of moral, economic and military force and the necessary unity for its effective use." **Recognizing this, Canada "should be willing to associate ourselves with other free states in any appropriate collective security arrangements which may be worked out under articles 51 and 52 of the Charter."** We had to have collective self-defence. No political party opposed the views of the Government.<sup>6</sup>

In the United States there was increasing interest in the idea of some form of regional anti-communist organization. Senator Arthur Vandenberg, Republican Chairman of the Foreign Relations Committee, had suggested such an organization based on the principles of the Rio Pact. Senator Leverett Saltonstall had recommended on January 15, 1948, that the Marshall Plan be backed up with a programme of military assistance. The Department of State had supported the concept of the Brussels Treaty, even though it made no mention of possible U.S. membership. In February, Bernard Baruch made a public proposal for a Western alliance. This was followed by a resolution in the Senate, supported by a number of Republicans, calling for the creation of a "Supreme Council" of "free" members of the United Nations who would pledge themselves to the use of armed force for collective defence. The American interest was climaxed by the adoption of the famous Vandenberg Resolution on June 11, 1948.

The Vandenberg Resolution was drafted in April, 1948 with the assistance of the Truman Administration. It was approved by the Committee on Foreign Relations on May 19, and was then subject

to serious debate in the Senate as a whole. While it stressed the necessity of continuing the use of the United Nations, it called for the "progressive development of regional and other collective arrangements for individual and collective self-defence . . . and association of the United States, by constitutional process, with such regional and other collective arrangements as are based on continuous and effective self-help and mutual aid, and as effect its national security." All this was to be legally done under the provisions of Article 51 of the UN Charter.<sup>7</sup>

The Canadian government welcomed the passage of the Vandenberg Resolution. Louis St. Laurent stated in the House of Commons on June 19 that the Government felt that "there would be value in a regional pact whereby these Western European democracies, the United Kingdom, and the United States and ourselves agreed to stand together. . . ." But he went on to say that Canada's membership in such an alliance "without the United States would add very little to it."<sup>8</sup> Thus, the Government made it clear that while Canada was interested in the alliance, it would not join unless the United States also joined. This was a formal recognition by the governing elite in Canada that they saw their basic interests tied to the United States rather than the old Mother Country and the Commonwealth.

However, American membership seemed assured, and negotiations began in Washington on July 6 among the diplomatic representatives of the Brussels Treaty countries, the United States, and Canada. These negotiations ran through September, were resumed in December, and the draft Treaty was made public on March 18, 1949. It was signed on April 4, approved in Canada by the House of Commons on April 29 and in the United States by the Senate on July 21, and came into effect on August 24 with the final ratification by France.

**The form which the anti-communist alliance should take was a matter of dispute and concern. Louis St. Laurent had consistently supported the concept of an organization of "free" nations, regardless of geographical position, working within the United Nations. This would make it appear to be less of a military alliance, and it would not be creating an alternative to the universal organization. In a speech to the House of Commons on April 29, 1948, he declared that: ("") without sacrificing the universality of the United Nations, it is possible for the free nations of the world to form their own closer association for collective self-defence under article 51 of the Charter of the United Nations. Such an association could be created within the United Nations by those free states which are willing to accept more specific and onerous obligations than those contained in the Charter in return for greater national security than the United Nations can now give its members.<sup>9</sup>**

**This view was modified by the opposition of the governments of both Great Britain and the United States.**

The Canadian plan was very close to the "Armstrong Plan" put forth in the United States.<sup>10</sup> It proposed the adoption of a general protocol which would be open to all members of the United Nations. "Signatories would register their willingness to participate in joint defensive action when, say, 7 of the 11 members of the Security Council, including 4 of the 5 permanent members, vote that aggression has occurred; and they would specify some procedure beyond that point." The main advantage of this approach was outlined by Mr. Armstrong:

. . . A general pact open to all UN members willing to accept its specific obligations, and entered into from the start by the most powerful members of the Brussels Pact and the Organization of American

States, would achieve all that a limited security pact could achieve, and much more besides. It would be evidence that among some of the strongest members of the UN there was a new determination to make the Charter come alive in its full integrity.<sup>11</sup>

**The plan put forth by Armstrong and St. Laurent failed to receive further support because there was a general feeling among representatives of the Western governments that they should bypass the United Nations.** As it was, the UN could not be fully utilized as an instrument of Western policy because of the "veto" power of the Soviet Union in the Security Council. Secondly, such a plan would mean that advance consultation would always be necessary before acting; that alone would hinder quick action, but the use of a universal international institution would make the decision-making process even more difficult. Finally, there were those who felt that a formal anti-communist alliance within the United Nations might disrupt the organization, possibly bringing it to an end. Some argued that it would drive the communist countries out (although there were also those who felt that this would not be a bad idea).<sup>(12)</sup>

(...)

The parties will contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded, and by promoting conditions of stability and well-being. They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them. (*Such was the rationale then which has since been so contradicted by NATO's unilateral military intervention – well outside any "North Atlantic" purview – Web Ed.*)

**Article II was at first opposed by the governments of Great Britain and the United States: it was not felt to be important, and in any case NATO was a military alliance. However, the article was included as a concession to Canada. The other members knew that its inclusion did not commit the members to any specific action. In fact, considering how exclusive its membership was, it was "the least desirable forum" for discussing economic matters.<sup>19</sup>**

**It is probably true that officials in the Canadian government, and in particular Lester Pearson, really believed that Article II was important. However, its primary purpose at this time was to soften the treaty for those who did not like old-fashioned military alliances.<sup>20</sup> In Canada, it was used by the Government to sell the alliance to a skeptical public.<sup>21</sup>**

This article embodied the nucleus of the idea of the Atlantic Community, a feeling that there is a common identity of interests among the NATO members as well as the other Western nations which are not members of the organization. It has long been argued that Canada must retain ties with Great Britain and France, as well as the other European states, in order to offset the natural tendency to integrate with the United States. Louis St. Laurent went even further, arguing that the new organization "is based on the common belief of the North Atlantic nations in the values and virtues of our Christian civilization."<sup>22</sup>

It is most significant that the Treaty first deals with the problem of "internal subversion." Article IV states that "the Parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the Parties is threatened." For ideological reasons, this aspect of the alliance was played down at this time. However, in 1948, the real threat was that the people in Western

Europe would choose socialism or communism or that a left government would come to power illegally. This was what the whole civil war was about in Greece. And the largest single parties in Italy and France at this time were the Communist Parties (*i.e., in reality, these were Stalinist-led parties hewing to Moscow's non-revolutionary "peaceful co-existence" electoral forces -- Ed.*) (...)

The Canadian Government also placed great stress on Article IX, which created the Council, the organ which was supposed to be responsible for policy formation and consultation. Like all small countries, Canada was concerned about domination by big powers, and in this case the organization contained three big powers (*i.e., the US, the Britain and the Soviet Union -- ed.*) If the practices of the First and Second World Wars were followed, then Canada would have no role in basic policy formation or technical decision-making. Spokesmen for the Canadian government argued that creation of the Council would provide a body which would give the smaller powers a fair share in determining policy. In the debate in the House of Commons on March 28, Lester Pearson held that through the Council "the democratic process of reaching agreement through negotiation, discussion and compromise will be carried out." Furthermore, even in the event of emergency, the Council would be "the instrument for deciding what policies would be recommended to the members of the group." **He felt it was unfair for "one, two or three states (an oblique reference to the US --ed.) to make decisions which may have far-reaching consequences for all countries and all peoples," and then to ask the rest of the countries concerned "to jump in and help in solving the problems which those decisions have created."** He conceded that in times of grave emergencies, time would not permit consultation along these lines, but that "those occasions must be reduced to a minimum."<sup>27</sup>

**Did the St. Laurent Government really believe that this concept of consultation and decision-making was possible or practical? It was already clear that NATO was a military alliance of relatively weak, secondary powers, clinging to one great superpower. Under such circumstances, it was unlikely that Great Britain or France would have any significant influence on policy decisions, let alone Canada. However, it was necessary to stress this aspect of the alliance in order to convince public opinion that membership would not commit Canada to any military activity without an independent, free decision by the Canadian government, and that Canada would have a general influence on how the organization was to operate.**

In summary, then, what was the alliance? First, it was not a true regional organization, for it excluded a number of Atlantic countries and included others which were not Atlantic states. Secondly, while it was in general composed of "Western" states, it could not be said to be committed to liberal-democracy; i.e., this would not be a requirement for membership. Third, in spite of Article II, it was not an appropriate organization for economic and cultural cooperation because of its exclusive membership. Fourth, the extent to which it could be an organization designed to stress political cooperation seemed limited because of the wide and diverse interests of the members. **Fifth, considering the state of the economies of the Western European members, and their ability to establish their own military forces, it could not offer much self-help in the area of defence against an armed invasion: they would have to rely heavily on the U.S. nuclear capability and U.S. military forces. In sum, it was an alliance between the United States and several European states to resist the spread of communism; Canada was dragged along. The only basic common denominator among the states was the capitalist mode of production (or as liberals prefer, adherence to the principles of the "market economy").**

**The NATO alliance must be seen in the context of the general strategy of U.S. foreign policy towards Europe since World War II. It cannot be disassociated from the Truman Doctrine and the Marshall Plan. All of these programmes were attempts to keep Western European states from adopting socialism or communism.** The roll-back strategy adopted by the Truman Administration for Eastern Europe had not worked; NATO was an attempt by the leaders of the Western European governments to insure that the status quo was maintained in those countries which were outside the Soviet sphere of influence, or the "Iron Curtain" as Winston Churchill described (*i.e., christened it --Ed.*) it. It would commit the United States to the defence of Europe in case of a Soviet invasion. But in addition, it would help to build up local defence forces in Western Europe to the point that the communist movement could not seize power in an extra-parliamentary way. Furthermore, it would create an armed force in Europe which could back up the non-communist governments in case the left became strong enough to possibly attain power by constitutional means.<sup>28</sup>

**The efforts over the years of Canadian political leaders to convince the Canadian public that NATO is the nucleus of some sort of Atlantic Community may have worked. But this public-relations job has not changed reality. As two commentators have noted: "Over the years NATO's functions have been modified, but the attentive public tends to see it for what, strictly and formally speaking, it has been all along: a military alliance and a way to allocate more rationally the military effort of a coalition of states."<sup>29</sup>**

#### **The Treaty's Reception in Canada**

The reaction to the formation of, the NATO alliance in Canada was general apathy, in spite of the significant change in foreign policy from the prewar period of isolation. In the House of Commons, there was uncritical support from George Drew, leader of the Progressive Conservative Party. *M. J. Coldwell, speaking for the CCF party, seemed to be interested only in showing that he was tougher on the communists than either of the two "old line" parties. The social democrats, obviously embarrassed by their support of the military alliance, emphasized the need to stress the economic aspects of the treaty, while urging the government to eliminate private profit-making on munitions.* Support came from Solon Low of the Social Credit party, who was concerned about the loss of foreign investment in countries like Burma, which were falling to the communists. In contrast to Mr. Coldwell, Low was worried about Article II: it sounded like the work of the international financial conspiracy, and Social Credit was "not prepared to work for any hidden designs of international plotters who may be concealed behind a smoke screen."<sup>30</sup> The only dissenting voices came from the French Canadian nationalist, Jean Francois Pouliot, and the two members of the Bloc Populaire, Maxime Raymond and Rene Hamel.

The major parties had a chance to take a stand on the question outside the House of Commons at their national conventions. Normally, the Liberals and Progressive Conservatives do not hold annual conventions, but in 1948 both were changing leaders. At the Liberal convention, on August 6, 1948, the party endorsed the concept of the North Atlantic pact. The Progressive Conservatives followed suit on October 2. *At their annual convention, the CCF granted hesitant support, in the face of some opposition, to the "reconstruction of Western Europe as a political and economic unit on democratic socialist principles," as a "positive alternative to the economic tyranny of monopoly capitalism" and the "political tyranny of totalitarian dictatorship."* *The new union must not be a "mere military alliance."*<sup>31</sup>

*Later, the National Council of the Party stated that "the CCF is convinced that mere military alliances cannot guarantee peace. Economic recovery must continue to be the primary objectives." But "the CCF believes that Canada should support and join a North Atlantic security pact."<sup>3</sup>* <sup>2</sup> Of the organized political groups, the only opposition came from the Labour Progressive Party (communist), the Bloc Populaire Canadien, and l'Union des Electeurs (the Quebec wing of the Social Credit movement).<sup>33</sup>

*(The Trotskyist opposition to the WW2 dated from the 1930s with warnings of the coming fascist threats from Trotsky himself – refer to "Leon Trotsky on the Transitional Program, 1938" elsewhere in this archive – and to the outlawed Trotskyist party in Canada, which managed to produce a clandestine mimeographed newspaper in Toronto after its public press was ordered shut down by Ottawa – See the 1938-1944 archive on this archive – Web Ed.)*

The strongest opposition to the Pact seemed to come from Quebec. In March, 1948, a delegation from the French Canadian labour movement asked the Government to pledge itself against conscription in a future war. They received a frank "no" from Mr. St. Laurent, who warned them that the time might come when the Russians would have to be shown that a limit had been reached.<sup>34</sup> The Prime Minister repeated his statement that "Canada could not remain neutral" in any war between the United States and the Soviet Bloc. He received harsh criticism from the French Canadian nationalist press, and a condemnation from the St. Jean Baptiste Society which claimed, hopefully, that he was merely expressing a personal opinion that could not be taken as national policy.<sup>35</sup> There was also criticism from the "more responsible" French Canadian press. Andre Laurendeau argued in (*the Montreal Le Devoir* that it appeared that Mr. St. Laurent's policy was to bring Great Britain into an alliance with the United States, a policy "no longer the Empire as in former days, but the Empire with the United States and with ourselves neatly squeezed in the middle. . . ." He concluded that:

Collective security today means this: to choose one's ideas to take one's place, as a participant in one of two imperial corteges. Perhaps this might be called a moral duty. But moral duty amounts precisely to this, namely, that we should avoid entering on our own initiative and by an act of folly the infernal madness of modern war. Faced with this frightful setback to the organization of international society, the moral duty for all small powers like Canada consists in securing their neutrality and defending it, if necessary.<sup>36</sup>

L'Action Catholique expressed the general worry about automatic commitments: "If the Treaty in preparation implied necessarily our participation in the next war without regard to the circumstances which provoked it, we should oppose it."(37)

The English-speaking leaders of the Progressive Conservative Party were embarrassed by the open opposition expressed by Ivan Sabourin, the leader of the Quebec wing of the party. Shortly after the Prime Minister's speech, Mr. Sabourin denounced him for having committed Canada to fight in a war against the Soviet Union, and expressed the view that, in such a confrontation, Canada should remain neutral.<sup>38</sup>

According to Professor A. R. M. Lower, this general opposition did not mean that French Canadians were less worried about communism. He noted that when atheistic Russia, in league with Nazi Germany, was beginning the "oppression of Catholic Poland, there was no sign of a holy war against her being preached in French Canada. Padlock laws are one thing, conscription quite another." Thus he predicted that "if there is any crusading to be done against godless Russia, it will be Protestant and English Canada that

will be for *doing it*. In the last analysis, French Canada is French rather than Catholic."<sup>3</sup> <sup>9</sup>

However, Louis St. Laurent seemed to be the ideal man to deal with opposition from French Canada, and his campaign called forth the best efforts from the Cold-Warrior. On every occasion, when speaking to French Canadians, he stressed the persecution of Roman Catholicism in the areas under communist control. In his famous address to the Richelieu Club in Montreal on March 5, 1949, he turned to Bishop Conrad Chaumont of Montreal and stated: "Your Excellency, we would not like to see you stand the type of trial which Cardinal Mindszenty had to undergo."<sup>40</sup> In his speech supporting the NATO Pact in the House of Commons on March 28, 1949, he remarked that "to all Canadians of my own race and creed, the bitterness with which the pact is being opposed by the few communists who unfortunately live in our midst is sufficient proof that it is in the interests of true Canadians to approve the pact." He continued that the communists opposed Canadian entrance into the alliance so as: ("") to permit the expansion of that ideology of communist and atheistic terrorism. I know that in my province, among the people of my race and religion, there is no wish that disasters such as those which have come to so many European countries should be repeated here, and that the situations which within former democratic countries of Europe has given rise to religious persecution which has shocked the whole civilized world should come to pass in Canada.<sup>41</sup>

*There was some opposition in the rest of Canada. A large segment of the British Columbia wing of the CCF opposed the Treaty. Eleven members of the Manitoba CCF published a letter opposing the North Atlantic Pact, on the grounds that it undermined the United Nations and was a pact to prepare for war, not peace. This group went further, opposing the Marshall Plan on the grounds that it was building up capitalism in Europe and therefore should be opposed by socialist parties. This element, while it may have been strong in the grass roots, had little support in the CCF leadership and was easily silenced by M. J. Coldwell and the right-wing of the party. (Trotskyists were active in the left wing of the CCF during this whole period – see the Bullock archives at UBC, Vancouver – Web Ed.) Aside from the fact that the Atlantic Pact was generally supported by the social democrats in Europe, and by the British Labour Government in particular, it was a fact of political life in North America that by 1949 association with the communist position on any issue was a handicap for any electorally-oriented political party. As an example, Saturday Night editorialized that:*

*[“] It is probably not a bad thing that the North Atlantic Treaty is having the effect of sorting out the sheep from the goats in the socialist pasture. The test for distinguishing between them is not difficult. He who believes that private profit is in itself immoral is fundamentally on the side of the communists; and anyone who believes that the pursuit of private profit inevitably leads to war and that the universal abolition of private profit will prevent war, must clearly believe that private profit is immoral. He who believes that private profit is not in itself immoral is not a communist nor on the side of the communists.[“]<sup>42</sup>*

*Opposition to the Atlantic Pact, according to this Liberal publication, came only from "the communists in our midst and those who, for various reasons, find themselves able to line up with them and serve their cause."<sup>43</sup>*

**On the last day of the session of the House of Commons, when the Treaty was ratified, M. J. Coldwell proudly noted that when the principles of the Treaty had been ratified on March 18, 1949,**

the CCF party had the highest percentage of votes of any party in favour of the Atlantic Pact. *When Rodney Young (CCF—Vancouver Centre) remarked that Portugal didn't exactly measure up to the principles of democracy and individualism proclaimed in the preamble, and that Canadians ought to try to understand why Russia and the Eastern European countries are now communist, he was denounced by the Liberal Minister of Labour, Humphrey Mitchell, for "apologizing for Russia" and "talking like a Trotskyite."*<sup>44</sup>

There were, in addition, a few squeaks of opposition and doubt from other non-communist sources. The general Council of the United Church of Canada refused to endorse the pact on a close vote. Speaking for the majority, Rev. Harvey Campbell of Montreal felt that the pact stressed the need to prepare for war, and he argued that "we have no business, no right, to tell the youth of Canada to get ready to die in war."<sup>45</sup> A study group of the Winnipeg branch of the Canadian Institute of International Affairs published a report in International Affairs which mentioned some of the other general concerns over the pact: (1) it had been "carried through with more propaganda than discussion and with more enthusiasm than knowledge"; (2) the charges that membership would increase Canada's economic dependence on the United States "cannot be dismissed lightly"; (3) the pact "fails to provide an objective test of aggressive action, or an automatic, or definitive obligation of mutual assistance"; and (4) it did not seem to provide the needed "workable system of collective security." Because of this, "it may be endorsed for its immediate and short-run benefits in checking the expansion of the USSR in Europe, but as a long-run device, its merits may be no greater than the Geneva Protocol, the Pact of Paris, the Triple Entente, or any other earlier scheme. . . ."<sup>46</sup>

The *Canadian Forum* felt that the alliance's chief shortcomings were in the economic field. The editors reiterated the general argument that "a program of rearmament and of rebuilding standing armies may divert funds, heavy industry and manpower from the production of durable and consumers' goods, thus retarding or halting programs of recovery among the signatory nations of Western Europe." They also noted that:

[“] ...the theory that the American frontier now is on the Elbe is erroneous, since the cold war is not fought on strictly national lines. The recent statements of Togliatti, Thore and company are only the last instances revealing that the struggle is taking place within the borders of the nations interested in an Atlantic Alliance, and that the economic dislocation accompanying a rearmament program may well strengthen the "aggressor" within the borders of some signatory states.[“]<sup>47</sup>

In the intellectual world of Canada, there were two prominent dissents: from B. S. Keirstead and Glen Shortliffe.<sup>48</sup> Professor Keirstead of McGill University argued that physical force is the wrong approach, and in any case there were "no outstanding conflicts of interest among the three major powers."<sup>49</sup> The correct role for the smaller and middle powers is to be independent, and to resist polarization. For Canada, we should (1) withdraw U.S. troops from Canada and man our own bases; (2) refuse to "join in the hysteria of American denunciation of Russia"; (3) expand the use of the Commonwealth as a vehicle for middle-force international politics; and (4) modify our economic policy for the post-war trend would result in increased economic dependence on the United States which would doom Canada to a future of "economic vassalage."

(...)

## An Analysis of the Soviet Threat

**The North Atlantic Treaty Organization was sold to the American and Canadian people as an alliance necessary in order to hold back an impending Soviet invasion of Western Europe. Was there, in fact, a threat of Soviet invasion? If not, then why was there such a great scare campaign by Western political leaders? Not everyone -- even at this time -- thought that the Soviet Union was planning or capable of launching an invasion of Western Europe. Others felt that it was not an appropriate method of dealing with communism in general.**

(...)

One factor was evident to everyone: the American monopoly of the Atomic bomb. Major General E. L. M. Burns wrote that:

[“] ...it is unlikely that the Russians will ever commit themselves to armed aggression in the knowledge that it would provoke a counterattack by the United States on their civil population with the atom bomb. This consideration will not greatly change even when the Russians succeed in producing the atom bomb themselves . . . since, unless they succeed in the interval in pushing their frontier forward by political penetration, they would not have suitable air bases. Only from properly located bases could they advantageously attack the vital areas of the United States.[“]<sup>5</sup> <sup>7</sup>

General Burns went on to argue that even when the Russians got the atomic bomb it is unlikely that they would use it. "The Red army is regarded primarily as the defence of the revolution against such capitalist aggression. Victory for the communist idea is prepared by supporting the revolutionary communist parties in the potentially hostile states. . . ." He saw the basic issue as a conflict between "free enterprise democracy and communism. Which is the better system of political economy, for all the peoples and all the nations?" Thus, for the Atlantic Pact states, "the final victory has to be won in the field of economics, and ideas, and while we cannot discount the probability that the political conflict may break out into open war, we should so far as we can, avoid using means to win the war that will prevent the attainment of our true ends."<sup>5</sup> <sup>8</sup>

Finally, there was the basic question: even if the Soviet Union was determined to pursue a policy of armed aggression against the Western European states, did she have the capability? Willson Woodside, regular writer for *Saturday Night*, a magazine which editorially supported the Cold War, admitted that economic studies of the time indicated that the Soviet economy would not be able to support a war against the West. He agreed with the statement by General Eisenhower that the "Soviet Union simply -did not have the smoothly functioning industry and the mountains of supplies of all kinds which any country would need to start a big war." It was noted, for example, that for an area three times the size of the United States, the railroad network was only comparable to that of the United States in 1872; that in steel production the Soviet Union was only just exceeding Great Britain, about where the United States stood in 1913; that her coal production was not up to the level of Great Britain; that oil production was down from the pre-war level, and only one-twelfth that of the United States; that Soviet agriculture was being forced to pay for war losses of men, machines and buildings; and that even if the Soviet Five Year Plan reached its goals in 1950, it would only achieve the level of American industry in 1904.<sup>59</sup>

Other American officials supported this view. Ernest Ropes, of the U.S. Department of Commerce, stated that Russia's industrial production would be "insufficient to support a war against the U.S.A. for at

least 25 years." As well, none other than John Foster Dulles had stated on March 10, 1949, that he did not know "any responsible high official, military or civilian in this government, or any government, who believes that the Soviet state now plans conquest by open military aggression."<sup>60</sup>

**Why, then, did politicians usually talk as though NATO was absolutely necessary to stop an impending Soviet invasion? The answer seems clear enough. The political leaders in the United States, and to a lesser extent in the other Western European countries, wanted to build up the military forces in Europe and to include a visible U.S. commitment. It would be difficult to do this by arguing publically that these forces were to defend capitalism against socialist forces indigenous to those countries.** In Canada and the United States, there is a strong feeling against involvement in the internal affairs of other countries. So it was necessary to pretend that the Soviet Union was going to launch a direct military attack in order to get public support for the NATO alliance. Furthermore, with all countries tired of war, only an anti-communist scare campaign against "atheistic, totalitarian government" could arouse North Americans to make the necessary sacrifices.<sup>61</sup> However, as many critics pointed out at the time, increased militarism is not the answer to the communist challenge. What is necessary is an economic and social system which gives people a feeling of justice. After twenty years of NATO, it is more doubtful than ever that militarism has provided the answers.

#### FOOTNOTES

1. For a more detailed discussion of Canada's role in the formation of NATO see Robert A. Spencer, *Canada in World Affairs, 1946-1949* (Toronto: Oxford University Press, 1959) and "Triangle into Treaty, Canada and the Origins of NATO," *International Journal*, XIV, No. 2 (1959), 87-98; F. H. Soward and Edgar Melnnis, *Canada and the United Nations* (New York: Manhattan Publishing Company, 1956); William R. Willoughby, "Canada and the North Atlantic Pact," *Virginia Quarterly Review*, XV (Summer, 1949), 429-442; and Escott Reid, "The Birth of the North Atlantic Alliance," *International Journal*, XXII, No. 3 (Summer, 1967), 426-440. While these sources believe that Canada played an important role in the formation of NATO, it is curious to note that the memoirs of Americans who played key roles in this process make no mention of Canada.

2. Text to be found in Department of External Affairs, *Canada at the United Nations, 1947*, Conference Series, No. 1 (Ottawa: The King's Printer, 1948).

3. In the middle of January, 1948 the British Prime Minister, Clement Attlee, sent a telegram to Mackenzie King urging the Western governments to rally against Soviet influence in Europe. In early January the Communist Party in Czechoslovakia had begun to move towards the complete consolidation of power. Reid, *op. cit.*, 427. Also see Dale C. Thomson, *Louis St. Laurent: Canadian* (Toronto: Macmillan of Canada, 1967), pp. 228-231.

4. *Canadian House of Commons Debates*, III (March 17, 1948), 2303.

5. John C. Campbell, *The United States in World Affairs, 1948-1949* (New York: Harper and Brothers for the Council on Foreign Relations, 1949), pp. 53-60.

6. *Canadian House of Commons Debates*, IV (April 29, 1948), 3438-3450. Le Devoir denounced the speech Page 261 -1970-Warnock

*as an incitement to war, and labeled Mr. St. Laurent "a half-French Canadian showing himself more bellicose and imperialistic than the people of the Gazette [Montreal] and the Globe and Mail [Toronto]."* Cited in Thomson, *op. cit.*, p. 230.

7. Arthur H. Vandenberg, Jr. (ed.), *The Private Papers of Senator Vandenberg* (Boston: Houghton Mifflin Company, 1952), pp. 399-420; Blair Bolles, "North Atlantic Defence Pact Background," *Foreign Policy Reports*, XXIV (February 15, 1949), 226-228. For the British role, see R. N. Rosecrance, *Defense of the Realm; British strategy in the Nuclear Epoch* (New York: Columbia University Press, 1968), pp. 68-90.

8. *Canadian House of Commons Debates*, VI (June 19, 1948), 5551.

9. *Canadian House of Commons Debates*, IV (April 29, 1948), 3449.

10. *This first appeared in The New York Times in September, 1947, but was not widely distributed in published form until "Coalition for Peace," Foreign Affairs, XXVIII (October, 1948), 1-16. Hamilton Fish Armstrong was editor of Foreign Affairs, the publication of the very influential Council on Foreign Relations,*

*referred to by many as one of the key institutions of the American "Establishment."*

11. *Ibid.*, 16. For a comment on its reception in the United States, see Willson Woodside, "Marshall and St. Laurent Pursue Same Aim, Different Emphasis?" *Saturday Night*, LXIII (March 27, 1948), 12-13.
12. See Willson Woodside, "Democracies Must Go Still Further, Form Trans-Atlantic Union," *Saturday Night*, LXIII (March 27, 1948) 12-13.
13. It is interesting to see how supporters of the alliance justify including dictatorships. For example, the National Planning Association, another one of the key institutions of the American "Establishment," has argued that "effective free institutions" would be a condition of eligibility for a more developed Atlantic Community. However, they argue, "exceptions might be made if geographic, strategic, or economic relationships made them desirable and if it were reasonable to expect that such institutions might develop over a period of time. An example is Portugal. . . ." *Strengthening the Free World Through Steps Toward Atlantic Unification*. Special Report No. 63 (Washington, D.C.: National Planning Association, May, 1966), p. 12.
14. Article 51 comes under Chapter VII of the Charter, Action with Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression. It grants members the right individually or collectively to self-defence. Article 53 comes under Chapter VIII, Regional Arrangements, and deals with regional collective security agreements, designed to take action against members. It was inserted in the Charter at the insistence of the United States which wished to have Latin America (through the Pan American Union and then the Organization of American States) exempt from UN "interference." Indeed, in the early period when the U.S. and its military allies had a preponderance of votes in the UN, and before Castro's successful revolution in Cuba, it was a normal practice to leave Latin American problems to the OAS. Article 53 says "no enforcement action shall be taken under regional arrangements or by regional agencies without the authorization of the Security Council. . . ."
15. Noted by Spencer, *Canada in World Affairs*, p. 279.
16. *Joining NATO "meant for Canada a complete break with the past. Up to then we had resolutely rejected any proposal from any source that we enter into any kind of military treaty, even with our mother country, Great Britain. Opposition to such proposals was nation-wide but it was especially strong in French Canada,"* Reid, *op. cit.* 432.
17. *During the period of the NATO alliance, various members used force to put down national rebellions in their colonies and neo-colonial spheres of influence, involved themselves in civil wars, and directly intervened in the internal affairs of smaller, "independent" states. The most dramatic were China, Korea, Indochina, Algeria and Suez.*
18. Text in *External Affairs*, I, No. 4 (April, 1949), 3-4.
19. Statement by Dean Acheson in Henry M. Jackson (ed.), *The Atlantic Alliance: Jackson Subcommittee Hearings and Findings* (New York: Frederick A. Praeger, 1967, p. 92).
20. William T. R. Fox and Annette B. Fox, *NATO and the Range of American Choice* (New York: Columbia University Press for the Institute of War and Peace Studies, School of International Affairs, Columbia University, 1967), fn. 7, p. 17.
21. *This is now openly admitted by officials in Ottawa. See Kenneth McNaught, "NATO: A Sacred Cow," Saturday Night, LXXXI (March, 1966), 14. Another commentator has noted that "the idealistic tenor of Article II served the cause of political expediency in reconciling Canadian public opinion in general, and the CCF in particular, to the unprecedented step of entangling the country in a peacetime alliance." Harald von Riekhoff, NATO: Issues and Prospects (Toronto: Canadian Institute of International Affairs, 1967), pp. 119-120.*
22. *Canadian House of Commons Debates, III (March 28, 1949), 2063. This was undoubtedly part of the campaign to win over French Canada. In 1951 NATO admitted Turkey, which has a long history of persecution of Christians.*
23. *Ibid.*, 2098.
24. Reid, *op. cit.* 436.
25. *The Atlantic Alliance: Its Origin and its Future* (New York: Columbia University Press, 1969), pp. 24-25. Mr. McCloy was U.S. Military Governor and High Commissioner to West Germany and has had a long career in public affairs.
26. *Canadian House of Commons Debates*, III (March 28, 1949), 2098.
27. *Ibid.*, 2099.
28. *Ironically, this may be the primary role of NATO in the 1970s. Its presence and its military assistance (mainly U.S.) helps prop up the dictatorships in Portugal and Spain. Undoubtedly it created the conditions which made possible the military coup in Greece in 1968. During the May, 1968 general strikes in France, President DeGaulle negotiated with the armed forces, presumably to come to his assistance if the left united and took over the government. Also, amid the continuous chaos of the governing coalition in Italy, and the persistent demonstrations and general strikes, the armed forces in that country were narrowly averted from taking over by a coup in 1968. In both France and Italy, NATO justifies large standing armies. But it also seems quite likely that U.S. military forces would be used if necessary, to prevent them from either taking or keeping power in either country.*

29. Fox & Fox, *op. cit.*, p. 6.
30. *Canadian House of Commons Debates*, III (March 28, 1949), 2081.
31. Cited in Spencer, *Canada in World Affairs*, p. 271.
32. Cited in M. J. Coldwell's speech, *Canadian House of Commons Debates*, III (March 28, 1949), 2072, 2075.
33. Willoughby, *op. cit.*, 434.
34. Blair Fraser, "Backstage in Ottawa," *Maclean's*, LXI (April 15, 1948), 15.
35. Blair Fraser, "Backstage in Ottawa," *Maclean's*, LXII (January 1, 1949), 14.
36. Quoted in W. E. Greening, "In a Red Scare Quebec Nationalists May Argue Case for Isolation," *Saturday Night*, LXIV (November 20, 1948), 7.
37. Cited in Spencer, *Canada in World Affairs*, pp. 271-272.
38. Blair Fraser, "Backstage in Ottawa," *Maclean's*, LXII (January 1, 1949), 14.
39. A. R. M. Lower, "Canada in the New Non-British World," *International Journal*, III, No. 2 (Spring, 1948), 213. Louis St. Laurent's biographer writes: "Even the vigorous campaign of the Vatican against the Communist threat could not overcome the instinctive resistance of many French-speaking Canadians to participation in any foreign struggle. Ironically, St. Laurent found himself being criticized in Quebec as too soft on Communism for refusing to ban the Labour Progressive Party, and too belligerent for preparing to resist any attack by the Soviet Union." Thomson, *op. cit.*, pp. 230-231.
40. Cited in Spencer, *Canada in World Affairs*, p. 275.
41. *Canadian House of Commons Debates*, III (March 28, 1949), 2064, 2065. Prior to entering politics, Mr. St. Laurent was a wealthy, corporation lawyer. This sort of emotional anti-communism was used widely in the West to attack all movements which threatened established property relations.
42. "With Us or Against Us," *Saturday Night*, LXIV (May 31, 1949), 5.
43. "Commitment to Fighting," *Saturday Night*, LXIV (December II, 1949), 1.
44. *Canadian House of Commons Debates*, III (April 29, 1949), 2790-2795.
45. This position was attacked in an editorial in the *Canadian Military Journal*, XVI (May, 1949), 6.
46. The members of the study group were H. M. Clokie, Chairman; R. W. Queen-Hughes, rapporteur; and Messrs. Jacques Bernard, W. L. Morton, W. L. Palk, W. J. Waines, and B. G. Whitmore. "Canada and the North Atlantic Treaty," *International Journal*, IV, No. 2 (Spring, 1949), 244-249.
47. "The Atlantic Pact," *Canadian Forum*, XXIX (April, 1949), 3.
- These arguments were also used in the United States. For a survey of the opposition in the United States, see Vera Micheles Dean, "Pros and Cons of North Atlantic Defence Pact," *Foreign Policy Reports*, XXIV (February 15, 1949), 228-232.
48. At the time the best overall critique of the military alliance approach to peace was Grayson Kirk, "The Atlantic Pact and International Security," *International Organization*, III, No. 2 (1949), 239-251. Other shortcomings and problems were noted by Peter Inglis, "Will the Atlantic Pact Prevent War or Hasten it, Asks Europe," *Saturday Night*, LXIV (April 29, 1949), 6-7, and George Fielding Eliot, "Military Organization Under the Atlantic Pact," *Foreign Affairs*, XXVII, No. 4 (July, 1949), 640-650. '
49. B. S. Keirstead, "Canada at the Crossroads," *International Journal*, III, No. 2 (Spring, 1949), 97-110.
50. Glen Shortliffe, "Class Conflict and International Politics," *International Journal*, IV, No. 2 (Spring, 1949), 95-108.
51. See *International Journal*, IV, No. 3 (Summer, 1949), 285-286.
52. *Ibid.*, 287-288. Professor Shortliffe includes a short answer to some of the points raised.
53. "With Us or Against Us," *Saturday Night*, LXIV (May 31, 1949), 5.
54. Blair Fraser, "Backstage in Ottawa," *Maclean's*, LXI (July 15, 1948), 15. This report was accurate. Escott Reid has written that, "It is a mistake to believe that those who conceived the North Atlantic Alliance were obsessed with the possibility of an open armed attack by Russia. Indeed there was no assessment in the summer of 1948 that the Russian Government was planning a military aggression as an act of policy—though we, of course, recognized that in the tense situation then existing, war might break out either because of some incident or because the Russians might miscalculate Western intentions and, in the false belief that the United States was about to launch an atomic attack on them strike a preemptive blow in Western Europe with their conventional forces." Reid, *op. cit.*, 433-434.
55. Max Werner, "Russia Won't Attack," *Maclean's*, LXII (January 1, 1949), 15.
56. Matthew Halton, "Will the Atlantic Pact Work?" *Maclean's*, LXII (January 15, 1949), 7. The refusal of the Soviet government to occupy Yugoslavia in 1948 when that country decided to pursue a policy independent of the Soviet bloc clearly indicated that the Soviet Union was not willing—or not capable of—launching any attack on Western Europe.
57. E. L. M. Burns, "Victory for Atlantic Pact Nations Must Be Won in the Field of Ideas," *Saturday Night*, LXIV (March 8, 1949), 6.
58. Burns, *op. cit.*, 7.
59. John J. McCloy has recently written: "In the first place, and most important, the concept of the Alliance was

not exclusively or even primarily [emphasis added] to deter an impending or threatened Soviet military attack. To attempt now to show that the Alliance was unnecessary because there was in reality little likelihood of a direct Soviet onslaught is largely irrelevant. There had been incidents and harassments in Berlin and along the borders, but these were not read as Soviet intentions to attack in serious form in any reasonable time period. The United States then possessed the monopoly of the atomic bomb and, apart from any other consideration, an overt military attack in the face of the nuclear deterrent was not thought to be a likely element of Soviet calculation. McCloy, *op. cit.*, pp. 24-25.

60. Willson Woodside, "Soviets Count on U.S. Collapse—How About Own Economy?" *Saturday Night*, LXIII (February 14, 1948), 12. In his famous speech at The American University on June 10, 1963, President John F. Kennedy noted the almost unbelievable destruction of the Soviet Union brought on by World War II, which he described as "a loss equivalent to the destruction of this country East of Chicago." George Kennan also recounts the vast total destruction of the Soviet Union in the area occupied by the Germans. He also explains that he never believed that the Soviet Union intended to launch any aggression in the early post-war period. He laments the fact that his famous containment article in *Foreign Affairs* in 1947 was used to support the NATO military alliance, when all he wanted was political containment of indigenous communism in Western Europe. See George F. Kennan, *Memoirs 1925-1950* (Boston: Atlantic-Little Brown and Co., 1967).

61. Quoted in Shortliffe, *op. cit.*, 187. The American policy paper, NSC 68, then in preparation in 1949, concluded that there was no immediate threat of Soviet invasion in Europe—it would not be possible before 1954. Samuel P. Huntington, *The Common Defense* (New York: Columbia University Press, 1961), pp. 314-315.

62. The Soviet Union helped this campaign with its denunciations of capitalism, which picked up after the Truman Doctrine was announced. Richard J. Barnet and Marcus G. Raskin conclude that "in retrospect, much of the Soviet propaganda seems to have been the belligerence of weakness, a calculated fierceness designed to give an attacker pause at a time when only the United States had the atomic bomb." *After 20 Years: Alternative to Cold War in Europe* (New York: Random House, 1965), p. 11.

# **Partner to Behemoth**

## The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

### **Chapter 3: The impact of the Korean War on NATO**

*(All emphasis by the Web Ed.)*

By late 1947 the United States government had formally accepted the policy of containing Soviet (and Communist) expansion in Europe. A policy of deterrence, based on a permanent state of military preparedness, was proposed in the State Department policy paper presented to President Truman in June, 1948. The paper argued that while America had exclusive possession of the atomic bomb, superior productive capacity, and predominant sea power, support for the American political position required a buildup of ground troops.

However, there were international and domestic considerations which hindered a programme of rearmament. In Europe, after years of destruction and war, the people were demanding priority for reconstruction. Furthermore, it was still hoped that the United Nations would prove to be capable of settling international disputes. Finally, as long as the United States had a monopoly on the atomic bomb, and the Soviet Union was still struggling to recover from the economic devastation of the Second World War, it did not seem likely that the Soviet government would undertake a policy of military invasion of Western Europe.

In the United States, the public had insisted on rapid demobilization; by the time the Truman Doctrine was announced, the U.S. Army only had one and one-third divisions in uniform and only about three and one-half divisions in general reserve. The Republican-controlled Congress was regularly rejecting the Truman Administration's call for an increase in tax revenues. Furthermore, the Congress was hesitant to send American troops to Europe and to grant extensive economic and military aid unless the European states were also contributing to a rearmament programme.

In the latter part of 1949, the American military planners were aroused to concern by two events: the explosion of an atomic bomb by the Soviet Union and the victory of the Communists in the Chinese civil war. In January, 1950, the National Security Council began to formulate an overall American world strategy to contain communism. The policy statement, known as NSC-68, was approved as American policy on April 12, 1950. It concluded that by 1954 the economy of the Soviet Union would have recovered and with a large enough nuclear force they could consider a military attack on the West. The communist threat to the United States was varied: general war, limited aggression, subversion, the possible breakup of the Western alliance, and "the loss of American will."<sup>1</sup> The solution advocated was a large scale buildup of military strength of the NATO allies. But this programme required a significant increase in defence expenditures: the Pentagon estimated a total budget of \$17 billion, the State Department \$35 billion, while the existing budget was only \$13 billion.

**The question that faced the American government at this time was how to sell the policy to the public. The Administration could wait until public opinion changed, but this might take too long. They could also have conducted a "scare" campaign, manufacturing a minor crisis. It was also recommended that the policy paper, NSC-68, be published.<sup>2</sup> The problem was on President Truman's desk when the war in Korea began on June 25, 1950.**

The immediate result of the Korean War was an increase in taxes and military expenditures; furthermore, the war provided a rationalization for a general military buildup. The war also had a tremendous effect on NATO: (1) the alliance was transformed into an integrated unit; (2) the allies were pressed into increasing their economic and military contribution; (3) it was agreed to rearm Germany; and (4) NATO's membership was expanded.

### **The Transformation of the Alliance**

**The NATO pact in its original form was a traditional military alliance. It was primarily intended to re-affirm the commitment that the United States had already made to Europe, in the Truman Doctrine and the Marshall Plan. It contained the pledge to come to the assistance of any member who is attacked, but only by the "Constitutional process," as Senator Vandenberg reminded the Truman Administration. There was nothing in the Treaty which created any command structure. There was nothing that indicated that a secretariat would be necessary. There was certainly nothing to imply that Canada and the United States would be responsible for maintaining troops in Europe on a full-time basis.**

In September, 1949 the NATO Council met and created the original subordinate bodies. First, there was the Defence Committee, composed of the defence ministers of each party; it was to formulate specific defence plans, with the assistance of the Military Committee, representing the member Chiefs-of-Staff. The Standing Group, composed of the Chiefs-of-Staff of France<sup>^</sup>, the United Kingdom and the United States, or their representatives, were to continuously function in Washington. In December, 1950, the Standing Group was given the authority to determine the forces each party should commit to NATO. In addition, five regional Planning Groups were established to draft area defence plans.<sup>3</sup> Clearly, the organizational structure at this time was traditional, consistent with past military alliance procedure, and compatible with the original concept of NATO.

The first strategic plan for NATO was presented by the Defence Committee at their meeting in Paris on December 1, 1949; this plan was subsequently approved by the Council on January 1, 1950. **While the details were not made public, it is generally agreed that they followed the general plan presented to the Congress by General Omar Bradley. It followed the general NATO principle at this time of "balanced collective forces," based on "national specialization." It called for: (1) U.S. strategic nuclear bombing; (2) U.S. and Western naval operations; (3) most ground forces from continental Europe; (4) England and France to provide most attack bombardment and air defence; (5) other nations [like Canada] "depending on their proximity or remoteness from the possible, scene of conflict, will emphasize appropriate specific missions."<sup>4</sup> Robert E. Osgood concludes that General Bradley's plan "involved a type and degree of national specialization of military functions which, under existing or foreseeable capabilities, was far more congruent with a guaranty pact than with an integrated defence system for the protection of Europe. . . ."<sup>s</sup>**

Early American plans for the defence of Western Europe against a hypothetical Soviet invasion called for a "Supreme Allied Commander-in-Chief (West) who should be an American."<sup>6</sup> This idea was strongly supported by Field Marshall Lord Montgomery, Chairman of the Commanders-in-Chief Committee of the

Brussels Treaty and was generally supported by the European members of NATO. This idea was strongly supported in the United States after the decision was made to permanently station U.S. troops in Europe; the Joint Chiefs-of-Staff agreed that if there were to be any form of an integrated command, the commander could be no one else but an American.<sup>7</sup> This became part of the American "package proposal." At the September, 1950 Council meeting, no one objected to the U.S. proposal. At the Brussels meeting in December, it was formally agreed that the new Supreme Allied Commander in Europe (SACEUR) would be an American, and General Eisenhower was appointed.

**The concept of the NATO permanent force in being, integrated into a single command under the military direction of the United States was "a radical reorganization of NATO."<sup>8</sup> By this time the political leaders of the NATO countries could see what this meant, through the contemporary experience of the Korean War. Nominally, the forces in Korea were fighting under the banner of the United Nations. In fact, the direction of the war had been given over completely to the American general' who was the "U.N. Commander." All military and political decisions in the Korean War were being made by the United States. In view of the political, economic and military differences between the United States and the other NATO members, it was clear that this would be the case if war were to break out in Europe.**

On paper, the Supreme Allied Commander in Europe was under the direction of the Standing Group in Washington, D.C. But in actual practice, the Standing Group had no great influence.<sup>9</sup> Under U.S. law, and more important, in practice, the American general who held the position was directly responsible to the President, the Commander-in-Chief of the U.S. armed forces. SACEUR, through the European integrated staff, exercises operational ground control over all member forces assigned to Allied Command in Europe. As one experienced observer has noted, "SACEUR . . . can make a decision no matter how strongly opposed to it may be his subordinates on the staff or the nations from which they come." He has command control over all tactical units assigned to his forces. In time of war this theory would become fact.<sup>10</sup> **General André Beaufre has argued that "from a strictly logical point of view, this proliferation and Americanization of the Supreme Command in Europe constitutes an error in technique — and from the political point of view, an error in judgment that explains in large part the recent reactions of the French government."<sup>11</sup>**

When General Eisenhower assumed command, the question of staff organization of the Supreme Headquarters Allied Command Europe (SHAPE) had yet to be resolved. The British proposed that the traditional pattern of organization by committee be employed, recognizing the independent status of the countries involved. General Eisenhower insisted on an integrated staff, under centralized (i.e., American) control. He felt that the "opposite numbers" system was impossible with the twelve who were then members of the organization. Furthermore, he rejected the concept of a special status for the "Big Three," supposedly because it would place the other allies in a "subordinate junior status."<sup>12</sup>

**The Korean War silenced much of the opposition to rearmament in Canada. Nevertheless, it created once again the touchy problem of sending Canadian forces overseas. When Canada was asked to contribute military forces to the Korean War, the St. Laurent Government decided that it could not (politically) send the regular forces; a new brigade was created of men who enlisted with full knowledge that they were going to have to go overseas and fight. This proved to be a difficult**

**problem. Again, when the Government decided to send a brigade to Europe, it was announced that a new brigade would be recruited specifically for that purpose. When it finally arrived in October, 1951, it was assigned to the Northern Army Group, where it was under British rather than American direct command. At the time this was considered normal, for the Canadian army was still operating under a similar military organization, was used to British equipment, and, according to Professor George F. G. Stanley, "the memories of the comradeship in two world wars were still warm."<sup>13</sup>**

**Politically, there seemed to be little opposition from leaders in Canada to the permanent stationing of Canadian' troops in Europe. Indeed, much of the elite criticism was that Canada was not doing enough.<sup>14</sup> There seemed to be little awareness of the great change in the concept of NATO. If a war were now to break out in Europe, Canada, for the first time in its history, would be automatically involved. The "constitutional processes" as guaranteed in the Treaty, and as promised by the Canadian Government, could not be implemented. Canadians would have no chance to judge whether or not the war was a case of Soviet aggression. The Liberal Government in Ottawa did not hesitate to accept the change. Its views were expressed by Lester Pearson, Secretary of State for External Affairs:**

(") The field of our foreign interests and the extent of our military commitments have in recent months been almost visibly stretched; and such a process can never be accomplished without discomfort. This will be eased and Canada's participation made more effective only if Canadians can be made to feel that their share in the vital decisions which must be made is proportionate to their contribution. But that is a necessity for many other countries besides Canada. Indeed, it is a requirement to which great importance is attached by all countries which, like my own, have voluntarily and wholeheartedly accepted the leadership of the United States.(")<sup>15</sup>

**The change had been made possible by accepting the basic policy of junior partnership with the United States. Furthermore, there could no longer be any claim for "equal voice" in NATO; once the Canadian government accepted the theory of influence in accordance with contribution, it was accepting domination by the superpower, the United States. At least Mr. Pearson on this occasion was admitting the realities of the NATO alliance.**

### **The Increase in Military Spending**

Even before the outbreak of the Korean War, the United States had embarked on a programme of increased military assistance to Europe. This was an integral part of the strategy of the Truman Administration. The Mutual Defense Assistance Act was passed on October 6, 1949. Congress had included in the Act requirements that the European countries demonstrate to the President that they were willing to move towards an "integrated defense of the North Atlantic Area." This principle had been approved by the NATO Council in January, 1950, and by the end of that month large U.S. transfers were underway. This programme was greatly expanded—by an additional four billion dollars—after the outbreak of the Korean War.<sup>16</sup> The increase in the military budgets in general can be seen from the following table:

#### **MILITARY BUDGETS (excerpts --ed.)**

Canada -- 1949: 268 Million \$ -- 1953: 1,882 Million \$

France -- 1949: 479 Billion Fr. Francs -- 1953: 1,451 Billion Fr. Francs

Great Britain -- 1949: 779 Million Sterling -- 1953: 1,689 Million Sterling

United States -- 1949: 13,300 Million USD -- 1953: 49,734 Million USD

In July, 1950 the United States informed its allies in NATO that conventional forces in Europe would have to be increased, and they would be expected to make major contributions. Some rudimentary plans were proposed, and the U.S. government offered large scale assistance. This early effort was strictly bilateral and was not collectively planned by NATO.<sup>17</sup>

NATO's Financial and Military Board was charged with drafting an interim report on rearmament; however, there had been inadequate preparation and no common goals had been established. At the September, 1951 meeting of the Council in Ottawa, the members created the Temporary Council Committee (TCC) and asked it to reconcile goals with abilities of the countries to produce. This twelve man committee delegated its authority to an executive committee of W. Averell Harriman (Chairman), Jean Monnet and Sir Edwin Plowden, a committee soon to be known as the first of the "Three Wise Men." At Rome in November, 1951, the NATO Council resolved to create a force of 43 divisions by 1954, to be adjusted to the finding of the TCC. The draft report of the "Three Wise Men" was submitted in December, and presented to the meeting of the Council in Lisbon in February, 1952. **The smaller members objected to the manner in which the plans were presented, and to the goals which they were supposed to reach. In a group session, they were granted specific quotas; there were no personal, private consultations beforehand, and all but Portugal were judged to be deficient in their effort.**<sup>18</sup>

The preliminary target called for 50 divisions, 4000 aircraft and 704 major warships by the end of 1952. It was widely reported that only about 35 to 40 divisions were to be on the front line. This was not all the military wanted, but considering the limited forces in the field at the time, it was a very significant increase.<sup>19</sup> But in addition the plan called for the creation of 75 divisions and 6500 aircraft by 1953 and 96 divisions and 9000 aircraft by 1954. Aside from the 40 divisions to be on the front line at all times, the rest were to be available to NATO within 30 days.<sup>20</sup>

**The official communique from the meeting was released to the press and created one of the loudest controversies in Canada over NATO policy. The official statement announced that:**

("") The North Atlantic Council agreed on specific policies and plans for building NATO defensive strength during the present year. NATO nations agreed to provide approximately fifty divisions in appropriate conditions of combat readiness and 4000 operational aircraft in Western Europe, as well as strong naval forces. . . ("")<sup>1</sup>

*The controversy began when the CCF party issued a statement condemning the decisions as "irresponsible and disastrous," charging that NATO had come under the influence of the Pentagon and that these goals would bring economic hardship to the NATO allies. In a radio broadcast, Lester Pearson replied that communists did not see any threat of a Russian invasion, and that it "was sad to see the CCF seems to be moving towards that position." Later, in commenting on the CCF's description of the new goals as "irresponsible," he concluded: "That is exactly how the Kremlin would describe them." In the ensuing debate in the House of Commons, Mr. Pearson toned down his attack, but nevertheless held that the CCF statement would "play straight into the hands of communist propaganda."*<sup>22</sup>

While this exchange seemed to be a tempest in a teapot, it was widely reported and discussed. The reaction of the Government was undoubtedly a reflection of their embarrassment over the communique, combined with a fear that there would be domestic opposition to large-scale increases in defence spending. *M. J. Coldwell, in his speech in the House of Commons defending the CCF position, noted that there was widespread criticism of the new goals within most of the NATO countries, coming both from conservative and socialist opposition.* Technically, Mr. Pearson was right to argue that there had been a scaling down of the goals set by the military at Lisbon. Nevertheless, the Lisbon agreements reflected a significant break with the past and called for a dramatic increase in military spending.<sup>23</sup>

The outburst of red-baiting by Mr. Pearson was decried by Professor James A. Corry, an upstanding Liberal, who reminded the Government that "it is not an answer to criticism of government policy to say that this is what the communists say or will say (*the fact that this "red-baiting" was taking place during the whole of the 1930s McCarthy-era hysteria is not mentioned by the author -- ed.*) After all, it is not long since Tim Buck [head of the Communist Party in Canada] was echoing almost everything the late Mr. Mackenzie King said."<sup>24</sup> As Professor Theodore Ropp of Duke University later wrote, "*the CCF was charged with anti-Americanism and pro-communism for what proved to be an accurate analysis of the Lisbon Goals.*"<sup>25</sup>

The "Three Wise Men" were also charged with providing a formula for the distribution of costs of European military reconstruction and aid, for providing the necessary infrastructure, and for building an integrated military organization. They decided to base their assessments on the proportion of defence expenditure to gross national income. Canada, for one, objected to this proposal; it seemed to imply that they should increase defence spending to catch up with the United States, Great Britain and France. **The proposals implied that the United States and Canada would be considered "surplus" areas in any system of defence sharing, for they were relatively untouched by the war and had the highest standard of living and capacity for military production.**<sup>26</sup> But the "Three Wise Men" suggested that Canada supply an extra \$200 million in the fiscal year 1952-53, primarily in economic raw materials such as wheat, copper, zinc, asbestos and aluminum. The St. Laurent government vetoed this proposal. Canada would supply finished arms, but not these raw materials. The problem of balance of payments meant that Canada would have to borrow money from the United States. The representatives of NATO argued that the gifts of arms would not be available until 1954 and that the raw materials could be used immediately to help get European production under way. (...) It was finally agreed that Canada would give \$324 million to Europe, in the form of military supplies and equipment.(27)

(...) *The final debate in the House of Commons on January 20, 1955, revealed that only members of the CCF party opposed German rearmament. M. J. Coldwell and four members of the CCF voted in favour of the protocol, but Stanley Knowles and eleven other CCF members opposed.* (Footnote 40:

*House of Commons Debates, I (January 20, 1955), 393-397. In taking this stand, M.J. Coldwell and the four others repudiated party policy adopted by the convention in August 1954 and endorsed by the National Council of the CCF the weekend before the vote.)*

*The main opposition speech was by (CCF left-winger) Mr. Colin Cameron. He questioned whether 12 German divisions would make any real material difference in Western defence and Mr. Pearson's argument that if Germany were not rearmed the Soviet Union would fill the vacuum. He tried to argue*

*that NATO's policy was deterrence, and therefore the additional German divisions were not that important. A negotiated settlement, based on a quid pro quo (something equivalent, a 'deal'), was the only answer to the German problem.<sup>41</sup>*

*That there was little support for this CCF position was illustrated by the fact that it even received a hostile reception in the Canadian Forum, which had historically supported the views of the liberal-democratic left in Canada. Professor Frank Underhill, the editor, argued that a reunited, neutralized Germany would run "the certain risk of communist infiltration and absorption of a helpless German people." He went on to accuse the CCF of believing that "Communism is not really a danger anymore," and that the party was "letting themselves become the dupes of Russian propaganda."<sup>42</sup> Colin Cameron tried to reply, but the learned professor declared that "when a man finds himself following the Communist party line so closely he should go into a quiet retreat and ask himself seriously whether he may not be acting in a way that has more sinister implications than even my 'daydreaming'."<sup>43</sup> Many Canadians, and in particular the Liberal Government, felt that if Germany did not provide ground forces for NATO, the United States would pressure other NATO members (including Canada) to increase their own contribution. But of more significance was the fact that by 1954 the Cold War had reached a high point in intensity, and under the circumstances it was inconceivable that the Canadian government, or anyone else, could oppose an important anti-communist policy advocated by the U.S. Government.*

### **Admission of New Members**

The Korean War also resulted in the expansion of NATO to include Greece and Turkey. The United States, beginning with the Truman Doctrine in 1947, had assumed responsibility for protecting the anti-communist governments in these two countries. Political leaders in the United States decided at this time it would be useful to extend this responsibility by attaching the two countries to NATO.

**There was significant opposition to this proposal. Many argued that it would undermine the idea of NATO as a regional, Atlantic alliance. Could Turkey be described as a "European State" as required in Article 10 of the Treaty? Others noted that the admission of these two states would tend to further undermine the idea of NATO as an alliance of liberal-democratic countries. Government officials were concerned about the ability of the NATO countries to provide a real defence of these areas so far removed from the main NATO forces in Western Europe.**

Because it was the United States, Great Britain and France which had interests in the Middle East, the opponents proposed a local defence pact which would provide the two countries with the cover of the American nuclear deterrent. The Labour Government in Great Britain had tried to create a Middle East Defence Organization, but this idea was surrendered in the face of the U.S. proposal.<sup>44</sup>

The admission of Greece and Turkey was proposed by the United States at the NATO Council meeting in Ottawa in September, 1951. Two countries were very reluctant to admit them, Denmark and The Netherlands. However, under the combined pressure of the big three, they decided not to block admission.<sup>45</sup> Two commentators have noted that they "were welcomed because they border the Iron Curtain and are willing to maintain large armies."<sup>46</sup> Nevertheless, they both have been a large financial burden on the NATO countries, generally receiving over \$600 million a year in the form of military aid. At the time of the

conflict between Turkey and Greece over Cyprus, the NATO countries were providing between 37 and 47 per cent of their defence budgets.<sup>47</sup>

**The Canadian government did not openly protest against the inclusion of these two members. But there can be no doubt that they were not enthusiastic. This decision was to extend the commitments of the organization, and precisely what this entailed was not certain.<sup>48</sup> Added to this was the fact that the U.S. government had virtually announced in advance of the Ottawa meeting that Turkey and Greece were to be admitted as full members. Some representatives from NATO countries indicated that a decision of such importance should have required some form of advance consultation with all members.<sup>49</sup>**

The role of Spain in the Western alliance system was also affected by the Korean War. The European hostility to the Franco regime was an outgrowth of the nature of its form of government, the Spanish Civil War, and the open support Franco had given to the Axis powers during World War II. After the rise of the Cold War, the United States took the lead in softening the Western position towards the Franco regime. Nevertheless, this was not entirely successful. For example, the United States wished to include 'Spain under the provisions of the Marshall Plan; however, the European powers excluded her from the Organization for European Economic Cooperation.

The United States pressed for—and obtained—consent for the inclusion of Portugal in NATO, mainly to preserve U.S. bases in the Azores Islands. However, she could not gain enough support for the admission of Spain, and therefore chose not push the issue.<sup>50</sup> However, Spain was closely tied to NATO through defence alliances with Portugal, extending from the Iberian Pact of 1943 through the reciprocal defence pact of 1958.<sup>51</sup> Furthermore, the United States decided to tie Spain to the West through bilateral pacts. This diplomatic effort culminated in the Pact of Madrid of September 26, 1953, which included a Defense Agreement, an Economic Aid Agreement, and a Mutual Defense Assistance Agreement. In addition, the United States has served indirectly as the key link between Spain and NATO through regular official visits to brief General Franco after NATO ministerial meetings.<sup>52</sup>

**It has been reported that officials of the Canadian government did not oppose the U.S. initiative towards Spain. In this case there had been strong support within the Liberal party for the inclusion of Spain in NATO, especially from the Quebec wing (*notably under the influence of the ruling right-wing Duplessis regime -- Ed.*) Spain, after all, was the most clearly anti-communist regime in Western Europe. Furthermore, by this time the Canadian government had chosen to accept the leadership of the United States and not to openly oppose, even when serious doubts existed (as in the case of the admission of Greece and Turkey).**

Thus the Korean War had a tremendous effect on the development of NATO. It was not that the war itself provided any special threat to the NATO allies. But the United States was able to use the war to convince the governments of the Western European states (and to a considerable degree the general public) that this signaled a general expansion of communism by direct military invasion. The Korean War was never pictured as a civil war but a clear case of North Korean aggression. And, it was argued, it would not be long before the Soviet Union embarked on invasion in Western Europe. *(end)*

## **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

### **Chapter 4: Decision-making in NATO**

*(All emphasis by the Web Ed.)*

**The Korean War provided the circumstances for a radical change in the nature of the North Atlantic Treaty Organization. Under the general practice of the traditional military alliance, the parties were able to exercise their own independent judgment as to whether or not they would stand by a commitment under a particular circumstance. The original NATO treaty pledged each member country to come to the aid of each other in the case of aggression, whether internal or external. However, this decision was to be left to the members themselves, utilizing their own national constitutional procedures. The government of Canada pledged that our military forces would not be involved in any war until the Parliament had been consulted, a constitutional convention that had developed over the years.**

The transformation of the alliance made this no longer possible. Canadian troops were to be permanently stationed in Europe, and they would be part of a common command. The Canadian brigade was integrated into the British army on the Rhine, under the overall command of the U.S. general who was the Supreme Allied Commander in Europe. In case of an outbreak of hostilities, contingency plans provided automatic response from this military force. There would be no possibility for Canada to make an independent, considered decision if war broke out in Europe. It is extremely doubtful that the Canadian forces in Europe would be willing to withhold their participation, awaiting orders from the Canadian government, after they had been ordered into combat by the unified command.

With this change in the alliance, the practice of joint consultation and planning became more important to the smaller countries, like Canada. They hoped in the beginning that this process—particularly the military planning—would become a truly cooperative effort. But this hope could never be implemented due to the dominant military and political role of the United States in the alliance.

The St. Laurent Government argued that the Council would provide the forum through which the individual members would decide joint political policies for Europe. However, in practice this body did not live up to the ideals of the small powers. Opinions could be expressed, but there was little evidence that this had any effect on the policy goals of the larger powers, and in particular the United States. Furthermore, the linking of the small countries—who did not have world-wide interests—to the large colonial powers often affected the role and influence of the small NATO countries in their dealings with the "Third World." Nevertheless, Canadian officials to this day insist that the Council is an effective body for consultation and formulation of joint policy, and defend Canada's role in the organization. Since this is such an important aspect of Canada's membership, it will be useful to look at the theory and practice of consultation in NATO.

## The Theory of Consultation in NATO

What is actually meant by the term political consultation? As Carol Baumann pointed out in her study, *Political Cooperation in NATO*, this can mean several things: (1) where a country decides to make its own decision in its own national interests, and then merely grants some information to the members after the fact; (2) where there is some mutual exchange of views- on the part of the different members, but here again with the individual country still making its own decision, in its own national interest; (3) where the countries actually get together to coordinate their own national policies; and (4) where a common policy is actually formulated by NATO.<sup>1</sup>

Why has there been a reluctance to take policy proposals before NATO meetings for full discussion? Undoubtedly because the concept of consultation does not in any way imply that there will be a consensus supporting the policy of any one member. Prior discussion may only create increased animosities, and harden opposition, thus perhaps creating more conflicts in the alliance than might otherwise be the case. The governments of Great Britain and France felt this way prior to the 1956 Suez intervention. **During the Cuban missile crisis in October, 1962, Dean Acheson was dispatched to Paris to deliver President Kennedy's letter. President de Gaulle asked: "Are you consulting or informing me?" Dean Acheson had to admit that he was there to inform him, not to consult. President de Gaulle replied: "I am in favour of independent decisions."**<sup>2</sup> President de Gaulle understood the special interest of the United States in the Caribbean, respected the right of the United States government to make a decision as it so desired, but at the same time did not want to be held responsible for the decision. The United States chose not to consult in advance with its NATO allies in this question, believing that there would be strong opposition to President Kennedy's decision not to negotiate a settlement.<sup>3</sup>

(...)

The smaller powers, including Canada, have insisted from the beginning that none of the large powers should have a dominant influence. Yet in a fifteen member alliance, with such great disparities in power, it has been difficult to establish a common policy on European matters, not to mention the non-European policies of the metropolitan powers. One of the most successful attempts to formulate a common position occurred prior to the Geneva summit conference of 1955. **While it was suggested that the three large powers (U.S., Great Britain and France) should attempt to speak for the alliance, the smaller powers, led by Canada, insisted that they did not have a mandate to act on behalf of the organization, but that the Council was to be continuously consulted.**<sup>8</sup> However, it is not clear whether the small powers had any significant influence on the big three, and in any case this practice did not become general.

If it was difficult to get common agreement on policy towards Europe, there was even greater division over whether or not NATO should formulate a common policy towards the non-NATO areas. This was first tried in 1952 when the NATO Council passed a resolution supporting France's war in Indo-China, describing it as "in fullest harmony with the aims and ideals of the Atlantic Community." **However, this stand supported the Marxist argument that NATO was an organization of Western powers bent on maintaining imperial domination of the "Third World." There was opposition within the NATO countries, in particular in the legislatures of Norway and Denmark; the Danish foreign minister was forced to make a public apology.**<sup>9</sup>

The NATO organization tended to look on the early issues between the metropolitan powers and their colonies as primarily the concern of the colonial power. The United States government also felt, particularly after the Suez crisis of 1956, that the European powers' colonial heritage was an obstacle to the Western contest with the communist movement in the "Third World." After the Suez disaster (*when British and French military intervention against Egypt's nationalization failed* --ed.), the American Secretary of State, John Foster Dulles, took the position that effective national action should not be hindered by requirements for consultation.<sup>10</sup> Furthermore, a growing number of NATO members did not wish to be associated with the colonial powers and their policies, in particular West Germany, Norway, Denmark, Greece and Turkey. Alastair Buchan argues that "only Canada was generally prepared to argue for a wide mandate on behalf of NATO Council as a means of ensuring an intelligent concert of Western opinion and action in the United Nations."<sup>11</sup> Finally, was the NATO Council the proper institution for such action? Ruth Lawson concludes that common policy formulations connote "the existence of institutions capable of reaching effective policy decisions, a condition which does not exist in NATO. 'Policy coordination' through an international organization acknowledges that the power to reach decisions rests elsewhere (*i.e., the Anglo-Saxon British-US axis* --ed.)."<sup>12</sup>

**The issue of consultation was avoided until the Ottawa meeting in 1951, when a special committee of five, headed by Lester Pearson, was appointed to study and report to the Council. The final report of this committee was issued at the Lisbon Conference in 1952. They recommended a closer coordination of foreign policies, and the development of the "habit of consultation" on matters of common concern, but recognized at the same time that the members retained "full freedom of action and decision" when it came to their own foreign policy. It was agreed only that the alliance would be strengthened by the exchange of views and the greatest possible agreement on general policies. However, specific proposals were opposed by the United States and Great Britain, who took a narrower, more traditional view of the alliance: it was formulated to provide mutual security and therefore should concentrate on military problems.<sup>13</sup>**

Although a resolution was passed in April, 1954 asking the members to provide the Council with all political information of interest to other members, no additional serious attempt was made until the creation of the Committee on Non-Military Cooperation at the Ministerial Session in May, 1956—the new "Three Wise Men," the foreign ministers of Canada, Italy and Norway, chaired by Lester Pearson. Significantly, while the committee was preparing its report, the Suez crisis occurred. Some felt that the creation of the committee to study the problem was "a device to put a hot issue in storage until it has cooled off or been forgotten." The members of the alliance were only willing to pay lip service to the ideal, and when faced with a decision, the "leaders fell over themselves re-emphasizing that the primary goal of NATO was military."<sup>14</sup>

**The "Three Wise Men" (The Canadian, Italian and Norwegian foreign ministers) did not propose any changes in the structure or operations of the Council, the organ specified for consultation, but they did make some specific suggestions:** (1) "members should inform the Council of any development which significantly affects the alliance"; (2) "both individual member governments and the Secretary General should have the right to raise for discussion in the Council any subject" of common interest; (3) members should refrain from adopting "firm policies" or making "major political pronouncements" without

prior consultation, unless circumstances made this impossible; (4) members should consider the interests of others "even where no community of view or consensus has been reached in the Council"; and (5) where consensus exists, nations should implement it in their national policies, and where it does not exist, an explanation is due the Council.<sup>15</sup> As was to be expected, there was some reluctance to agree to even these principles. When the report was presented to the Paris meeting, in December, 1956, Secretary of State John Foster Dulles stated that consultation was often a valuable tool of policy, but it was necessary to recognize that in many circumstances it would have to be disregarded. One Canadian journalist noted that American reaction to the independent French and British action in Suez meant:

*(") There is one law for the rich and another for the poor and that it is the duty of the latter to do their duty in that state of life unto which it shall please God to call them. The post-Suez situation in NATO fairly clearly is that the junior partners consult with the United States but that the United States does not necessarily consult them.(")*<sup>16</sup>

Consultation, to the degree that it means the exchange of information, is a regular aspect of the alliance, through the Council, the ministerial meetings, the permanent representatives, the Committee of Political Advisers set up in January, 1957, and the experts and the International Staff with its Political Affairs Division. It is also clear, from press reports, that members are not hesitating to disagree with the general policies of other members, such as the more recent non-European policies of the United States. It is also fairly clear that individual members have not hesitated to take independent political actions that affect the NATO members and the world-wide image of the alliance in general. The fact is, fundamental differences of policy exist among the members, and no amount of consultation is going to solve them. Facing such a dilemma, an alliance has several alternatives: (1) it can simply ignore facing the question publicly, hoping that it will not seriously disrupt the alliance; (2) it could try to apply some sort of sanction to the member, but most alliances prefer to maintain the facade of unity; (3) an attempt could be made to generate political opposition within the country of the errant ally, but such attempts have a habit of backfiring; or (4) it can try to hide the differences with restrained, diplomatic language, yielding to the pressures to create the image of a united front. Thus, according to Professor Henry A. Kissinger, "consultation . . . is far from a panacea. It is least effective when most needed: when there exists basic differences of assessment or of interest. It works best in implementing a consensus rather than in creating it. . . ."<sup>7</sup>

Nevertheless, the theory of consultation has been a regular part of the rationale for Canada's membership in the Alliance system. Our political leaders in Ottawa have felt it necessary to ceaselessly proclaim that the government of Canada has a great deal of influence within NATO, and in fact has a special voice in Washington that no other country has. Therefore, it is argued, it would be foolish for Canada to adopt an independent, non-aligned foreign policy; we would be giving up what influence we already have in international politics.<sup>18</sup>

It might, however, be said that a more accurate assessment was made at an earlier date by Professor F. W. Soward. First, he recalled that Prime Minister Louis St. Laurent had told a New York audience that while Canadians liked to be consulted, ". . . We Canadians are realistic and we know that there has to be a proper relationship between power and responsibility, and that the United States alone has the necessary power to support the required leadership." Professor Soward went on to predict that "when the United States is determined to follow through on a major question of strategy in NATO, Canada will almost invariably support her, despite definite misgivings."<sup>19</sup> The public record seems to bear this out, with the possible exception of the NATO meeting at Brussels in June, 1966.

**The pronouncements of Canadian officials on the need to create a real Atlantic Community have often seemed to conflict with their position on the right of any nation in NATO to dissent and be independent.**

This dilemma was best illustrated by Lester Pearson in one of the William L. Clayton lectures he presented at Fletcher School of Law and Diplomacy, in 1958. In discussing "coalition diplomacy" and the NATO example, he argued that ". . . in the field of defence and foreign policy those relations [among NATO members], as I see it, should be centralized and coordinated in a mechanism which in some respects at least would serve the same purpose—and operate in the same way—as a cabinet does inside a democratic country." Such an institution does exist: the NATO Council. "My criticism of this body is that its members, except at short and infrequent ministerial meetings, have been agents rather than principals in policy making; that it has, in other words, been too diplomatic and not enough political. . ." He then went on to make the following proposal:

(")The essential purpose of the NATO Council should not be merely to replace the normal diplomatic machinery between the governments concerned by something more centralized, and therefore presumably more effective, but operating in the same way. It should be to make diplomacy in the formal sense entirely unnecessary by working out common policies in the fields of action covered by NATO, in the same way that policies are worked out by and become binding on all the members of a cabinet.

. . . The time has now come . . . to convert the NATO Council—or as many of its members as are willing to accept the obligations for united action involved—into a kind of political general staff, with greater power and authority than it now has.(")<sup>20</sup>

But in the very next paragraph, he discusses the proposal made by President de Gaulle for a political triumvirate with a special status in NATO or the Western World in general. This he opposes: [". . . Any arrangement by which three or four members would have the power and the right to commit the others would be quite impossible. It would make those others satellites or, at best, second-class members. No coalition of free sovereign states could operate on that basis, anymore than it could on that of a mathematical majority of its members making decision on the one-state-one-vote principle and empowered to action in the name of all.]<sup>21</sup>

**At this point the matter becomes quite confusing. On the one hand Mr. Pearson argues for giving NATO political power similar to that of a cabinet government, and such a change would indeed transform the NATO alliance into a sort of Atlantic Confederation. But then he argues that this must require unanimity to be binding on all states. However, cabinets do not operate on the principle of unanimity, and unanimity among 15 nation states is a rare thing.**

**Undoubtedly we will continue to hear spokesmen for the Canadian government stress the role of consultation within the alliance. Indeed, in his opening address to the NATO Council of Ministers on December 13, 1965, Paul Martin, Secretary of State for External Affairs, and the acting chairman, put forth a four point plan for "practical cooperation among the NATO allies."<sup>22</sup> Just prior to this particular meeting, he told a press conference in Ottawa that Canadian policy was "to keep the boat from rocking any more than is necessary." Canada had no proposals to offer the Council, but "questions of a divisive character, unless urgent, shouldn't be pursued to a decision."<sup>23</sup>**

In theory, consultation supports the juridical concept of sovereign equality. In practice, in an alliance made up of fifteen different countries with different world-wide political commitments, consultation and

agreement on common foreign and defence policy would be, by definition, nearly impossible (...)

(...) The collapse of the alliance over Suez seemed to signal a free-for-all among the members, and the low point was reached on the concept of consultation. The British and Americans aroused the anger of the French in 1957 by independently sending arms to Tunisia. (...) European social democrats, and George Kennan, made proposals for disengagement of military forces in Europe, directly challenging the established NATO view of the Cold War. Adam Rapacki, the Polish Foreign Minister, proposed a nuclear free zone in Europe, supported by some NATO governments but rejected by the United States (...) Iceland was aroused over the American base and conflicts with Great Britain over fishing rights. The Cyprus question nearly brought Greece and Turkey to the point of war (...) Finally, there was the French war in Algeria which drew about 400,000 troops out of NATO.

**A major crisis for the United States came in October, 1957 when the Soviet Union launched the first of their earth satellites. This dramatized the fact that they were ahead in the race to produce Intercontinental Ballistic Missiles. At the December, 1957 meeting of the NATO Council, Secretary Dulles announced that the United States had decided to place medium-range ballistic missiles in Europe, to be under the joint control of the United States and the European powers. The ally would operate the missile, but the United States was to retain control over the nuclear warheads. Stockpiled nuclear warheads were to be strategically placed in Europe, under the custody of SACEUR, acting as Commander-in-Chief of U.S. forces in Europe.<sup>31</sup>**

Eventually, this programme involved the establishment of 69 Thor missiles in Great Britain, 30 Jupiters in Italy and 15 Jupiters in Turkey. The arrangements with the recipient countries were strictly bilateral and resulted in different treatment among the NATO allies, primarily because of the special status given to Great Britain by the U.S. Congress.<sup>32</sup> However, these were liquid-fuel missiles which meant slow firing. Because they were virtually useless except as first-strike weapons, the Americans decided in October, 1959 not to establish any more of this type of missile in Europe.<sup>33</sup>

Joint control of nuclear weapons—which was approved in principle in December, 1957—was also utilized to provide nuclear weapons for the use of the allies in their tactical fighter-bombers. This agreement was also on a bilateral basis. **However, under the system as it exists, the United States alone retains the authority to use the nuclear weapons.<sup>34</sup> Once the President decides that the weapons should be used, then control is passed over to SACEUR, at least as long as he is Commander-in-Chief of U.S. forces in Europe.<sup>35</sup>**

**The 1960s began with the collapse of the Summit conference following the revelation of the U-2 spy flights over the Soviet Union, handled with almost unbelievable incompetence by the Eisenhower Administration. The NATO allies claimed they had no knowledge of the flights. It proved to be of particular embarrassment for Norway and Pakistan, the countries which provided the main bases for the reconnaissance aircraft.**

The United States also had to deal at this time with growing demands in West Germany for control over nuclear weapons, and the general problem of nuclear proliferation. One solution was proposed in November, 1960 by General Lauris Norstad, calling for the creation of a fourth nuclear force to be directly

under NATO command.<sup>36</sup> This was followed by the proposal presented to the December, 1960 Council by the U.S. Secretary of State, Christian Herter. The new proposal called for the United States to provide NATO with five nuclear-armed Polaris submarines and 100 medium-range ballistic missiles to be placed on surface ships, all to be under some form of NATO command.<sup>37</sup> The general principle of nuclear sharing was also supported by the newly elected Kennedy Administration at the NATO ministerial meeting in Oslo in May, 1961.

While the Kennedy Administration was reviewing U.S. military policy, NATO was left out of any further discussion of plans for the multilateral force. Between 1963 and 1965 the Council was "briefed," but there was no real consideration. In November, 1964, Secretary-General Brosio told the NATO Parliamentarians' Conference that the MLF had not been discussed within NATO.<sup>38</sup> By 1966 the United States dropped the multilateral or "hardware" programme.

**The Kennedy Administration reversed NATO's basic military strategy soon after taking office. In a speech to the Canadian Parliament on May 17, 1961, the President announced that in the 1960s the NATO alliance would first have to strengthen the conventional capability. This would be the first priority. The United States was going to build up its forces, and at the same time was looking to the NATO allies to "assign an equally high priority to this same essential task."<sup>39</sup> This policy, which became known as "flexible response," was announced to the NATO Council in May, 1962. At the time of the withdrawal of the French national forces from NATO's integrated command in April, 1966, Premier Georges Pompidou criticized the fact that NATO's established policy of massive retaliation had been changed by the United States without any prior consultation with the NATO allies.<sup>40</sup>**

**During the Berlin crisis in 1961, President Kennedy responded by a general increase in U.S. troops, while at the same time urging the other NATO countries to follow suit. The other members made at least token moves to upgrade their NATO forces in the field.<sup>41</sup> Again, during the Cuban missile crisis in October, 1962 the United States put their troops in Europe on an alert basis outside the NATO system, and the members were later "informed."<sup>42</sup>**

(...)

In spite of the pressures exerted by France within the alliance, both the Kennedy and the Johnson Administrations continued the pattern of making major policy decisions in the United States and then bringing them to NATO for subsequent ratification. In 1963 the United States removed the Jupiter missiles from Italy and Turkey; they explained to NATO that the introduction of the Polaris missiles (solely under U.S. control) would provide similar protection to those countries.<sup>45</sup> At the meeting of the NATO Defence Ministers in May, 1965, U.S. Secretary of Defense McNamara put forth the plan for the creation of the nuclear planning committee, which was formally established in November.<sup>46</sup>

**The American war in Vietnam greatly concerned the NATO allies, but as Alastair Buchan has noted, there is "an official conspiracy of silence in Europe about the Vietnam conflict. Except in France the NATO allies are anxious not to embarrass the United States by public criticism. . . ."<sup>47</sup> Nevertheless, there has been criticism of the effects of the war on America's European policy. In the spring of 1966, Secretary of Defense McNamara assured the NATO Council that there would be no transfer of "major combat units" from Germany to Vietnam. Nevertheless, the United States announced the transfer of 15,000 "military specialists" to Vietnam and did not inform the West German government in advance: they**

read about it in the newspapers.<sup>48</sup> By September, 1966 the United States had transferred 55,000 ground troops from Europe to Vietnam.<sup>49</sup>

**The withdrawal of France from the integrated command was a traumatic experience for NATO, yet it seemed to have little effect on the United States' attitude towards consultation among the members. For example, at the November, 1968 meeting of the NATO ministerial Council Secretary-of-State Dean Rusk announced that any Soviet attack on either Austria or Yugoslavia would be met by a NATO response. U.S. officials were quoted as saying that "Austria and Yugoslavia are clearly linked to the Western Security system." It was also revealed that contingency plans had been prepared in case Rumania, Finland or Albania were invaded and sought Western aid.<sup>50</sup> Many of the NATO members have strongly opposed the military dictatorship imposed on Greece in 1968; this was reflected in the fact that Greece withdrew from the Council of Europe in December, 1969 rather than face certain expulsion. Yet the United States is the strongest supporter of the regime in NATO, and even lobbied against her expulsion from the Council of Europe.<sup>51</sup> Finally, the secondary powers in NATO—France, West Germany and Great Britain—strongly opposed the American decision to include missiles in Europe in the Strategic Arms Limitation Talks (SALT) with the Soviet Union which began late in 1969.<sup>52</sup>**

**Thus, the history of the alliance reveals that the normal process is for major policy decisions to be initiated in the United States. There is often discussion within NATO on a policy after it is proposed, but it is rare that there is united opposition, strong enough to make the United States change its original position.** The only major case where U.S. policy has been thwarted is their desire to have Spain admitted to the alliance. Yet this was not pushed hard by the U.S. government because of the ability to achieve the main ends (military bases) outside the organization.

The history of the alliance also reveals that the other members are not equal in their influence on U.S. policy. Great Britain has a special relationship with the United States that no other country has. But of more significance to Canada's view of consultation is the fact that the big powers in the alliance — France, West Germany and Great Britain —have had more influence on policy and are involved in more policy deliberation with the United States. There is a four-power "ambassadorial group" in Washington, D.C. which has consulted together for years on policies towards the Soviet Union.<sup>53</sup> The problem of sharing the cost burden of member troops in West Germany was left to U.S., British and West German officials, in spite of the fact that this has been a major problem associated with Canada's troop commitment in Europe.<sup>54</sup> A new strategic plan for NATO, taking into account the withdrawal of France, was left to a committee of the Big Three.<sup>55</sup> In August, 1969 the Big Three proposed talks with the Soviet Union on improving East-West relations, Berlin and Germany.<sup>56</sup> The fact is that the more powerful members of the alliance are going to have more influence than the small members like Canada.

#### **Canada's Reaction to U.S. Policy Initiative**

**The reaction of the Canadian Government to the changes in NATO and U.S. policy direction has been quiet.' Part of this is due to the fact that historically foreign policy has been treated as a problem for the experts in Ottawa.<sup>57</sup> Foreign policy has rarely become an important issue in political campaigning. Indeed, one of the charges that Peter Newman made in his polemic against John Diefenbaker**

was that " . . . unlike his Liberal predecessors who tried to keep external disputes out of domestic politics, Diefenbaker deliberately injected international issues into his hustings orations. This meant that moves in foreign policy were planned and exploited for their partisan publicity value."<sup>58</sup> If there has been opposition to U.S. moves, we will have to wait until the diplomatic archives are opened. However, there is no reason to believe that the Canadian government opposed U.S. policy moves. The most far-reaching change-integration—was supported by the Canadian government:

*(") We have . . . agreed to the principle of the maximum degree of integration of the NATO forces consistent with military efficiency. The objective, to which we subscribe, is to strengthen the NATO military structure and to tighten the political control over the NATO forces. However, none of these measures is likely to make any difference to Canada in practice. Our forces, and their logistic arrangements, are already highly integrated with the other NATO forces with which they serve in Europe, and it is very unlikely that we would ever have contemplated using these forces without consulting NATO.(")<sup>59</sup>*

While it is often believed that Canada has used her diplomatic influence to oppose the spread of nuclear weapons, the Canadian government fully supported the introduction of nuclear weapons in Europe and Admiral Radford's "new look" policy.<sup>60</sup> There was no objection to American independent control over the Strategic Air Command, NATO's "sword," and the fact that targeting and contingency planning has been done by that country alone. The only major policy position where Canada publicly showed her dissatisfaction was the doctrine of "massive retaliation."<sup>61</sup> James Eayrs concludes that there was little public concern over the reliance on nuclear weapons because the public had confidence that a nuclear war would be avoided and they were more interested in expanding prosperity.<sup>62</sup>

There was a clear choice for the government on the question of acquisition of nuclear weapons. Both Norway and Denmark, loyal members of NATO, refused to permit foreign troops or nuclear weapons on their territory. Yet Canada did not renounce the use of nuclear weapons or their use by foreign troops on Canada's soil. The fact that Canada had all along supported the use of nuclear weapons made it more difficult to resist the U.S. government in 1959, when they pressed them on Canada. Since the dispute in 1962 and 1963, the government has been reluctant to increase Canada's nuclear role. This meant that the various proposals for the joint "hardware" sharing of weapons, the Multilateral Force and the Allied Nuclear Force, received a rather cool reception in Canada, despite the views of the hawks.<sup>63</sup>

Canada did show some independence in NATO after the French announcement that they were planning to withdraw the military forces from the integrated system. However, up to the NATO ministerial meeting in Brussels in June, 1966, Canada firmly supported the position of the United States. Although France had already announced that she was withdrawing from the integrated command, Paul Martin, Secretary of State for External Affairs, announced prior to the December, 1965 NATO ministerial meeting that the best policy was to "not rock the boat" or to discuss "questions of a divisive character." He told the press that Canada supported the principle of integration whereas France did not.<sup>64</sup> In March, 1966, in explaining the Canadian government's policy on the removal of Canadian bases in France, he continued his support of the U.S. hard line noting that "the experience of the last two wars and modern developments in warfare permit no effective alternative to unified command and planning arrangements for allied forces." The bases would be moved, for Canada would not permit her forces to come under French command, but, he

continued, "no system of bilateral arrangements can be a substitute for NATO's integrated command structure."<sup>65</sup> This position was supported by Opposition Leader John Diefenbaker. *The defence spokesman for the New Democrats, Andrew Brewin, argued that sovereignty at this time of history is an anachronism.*<sup>66</sup> In a speech to the National Newspapers Awards dinner in Toronto, Mr. Martin reiterated the government's support for integration and stated that it was "not persuaded by the arguments which the French Government had used to justify its actions." At the same time, Canada would seek "to limit the damage to the unity and effectiveness of the Alliance, and to recreate a relationship of mutual confidence among all the members."<sup>67</sup>

Between these developments and the crucial meeting of NATO ministers in Brussels in June, 1966, the United States gathered support from Great Britain and West Germany for their hard line against France, including an agreement to transfer SHAPE to London, to move the Council out of Paris, and to try to get the French to pay compensation for the moves involved. But prior to the meetings public opposition to this position was expressed by The Netherlands, Belgium and the Scandinavian countries, on the grounds that this would play into the hands of President de Gaulle who was charging that NATO was dominated by Anglo-Saxons.<sup>68</sup> At the Brussels meeting, the smaller members were able to obtain most of their demands, which were nevertheless opposed by the United States, Great Britain and West Germany. It was agreed that SHAPE would be moved to Belgium, and that the Central European Command would be located somewhere in the Benelux countries.<sup>69</sup> The NATO Defence College was moved to Italy, and the military Standing Group in Washington was abolished, to be replaced by a new integrated military staff. The real struggle in the early meeting was over the proposed transfer of the NATO Council out of Paris. Italy proposed a delay in this decision to October, 1966, and was supported by Canada and the other smaller powers.<sup>70</sup> The Belgium Foreign Minister, Pierre Harmel, proposed a compromise formula to deal with the question of the stationing of French troops in West Germany, but this matter was eventually left to the two countries.<sup>71</sup> During the meetings, the Dutch Foreign Minister Joseph Luns, was the official liaison between the fourteen countries and France, who had not attended the meetings.<sup>72</sup> The Canadian Press reported that Paul Martin "played a quiet, background role."<sup>73</sup>

During this period of the development of NATO, while Canada publicly supported the idea of political consultation, in fact her policy was determined by several fundamental goals: (1) NATO was the cornerstone of Canadian foreign policy, and therefore the Canadian government should do whatever possible to aid in its preservation; (2) this policy meant that Canada had accepted the leadership of the United States, and the predominance of her role in the alliance; (3) as a minor member of the alliance, Canada would not publicly oppose American innovations, even if she did not like them; (4) because the political leaders of Canada had completely accepted the U.S. view of a life-and-death conflict with the communist movement, there could be no reason for an independent Canadian position on foreign policy, and there was no need to resist continental integration.

### **The American View of NATO**

NATO is also the cornerstone of U.S. foreign policy. Two observers of U.S. military developments have noted that there have been four major organizational developments in U.S. security requirements: (1) creation of the Army general staff; (2) the creation of the Joint Chiefs-of-Staff and the Defense Department; (3) the formation of the National Security council; and (4) the formation of NATO.<sup>74</sup> The changes made with the National Security Act of 1947 suited the new role of the United States as the leader of the

**capitalist states in their struggle against the of the Great Powers in the member countries. They can also provide a cover for military intervention into the internal affairs of the member states in the name of defending either capitalism or socialism. This is the reality of the military alliances today.**

#### FOOTNOTES

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4. William T. R. Fox and Annette B. Fox, *NATO and the Range of American Choice* (New York: Columbia University Press, 1967), p. 44.
5. Alastair Buchan, *Crisis Management: The New Diplomacy* (Boulogne-sur-Seine, France: The Atlantic Institute, 1966), pp. 46-47.
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7. *Ibid.*, p. 252.
8. Ronald S. Ritchie, *NATO: The Economics of an Alliance* (Toronto: Ryerson, 1956), p. 108.
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10. Robert S. Jordan, *The NATO International Staff/Secretariat, 1952-1957* (New York: Oxford University Press, 1967), pp. 72-73. *This opposition to "old-style" colonialism has never been consistent or determined. The United States gave strong support to France during the Indochinese war and to this day supports Portugal's colonial role in Africa. Furthermore, in recent years the U.S. government has urged Great Britain not to withdraw from her Middle and Far East commitments.*
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27. Paul Findley, "U.S. Domination of NATO—Real and Harmful," *Commentator*, X (February, 1966), 7-10. Also see Fox and Fox, *op. cit.*, pp. 68-69, 271; and General Andre Beaufre, *NATO and Europe* (New York: Vintage Books), p. 37. In 1965 Secretary-General Dirk Stikker reported that of 200 generals and flag-officers assigned to NATO, 100 were either American or English. "NATO—the Shifting Western Alliance," *Atlantic Community Quarterly* (Spring, 1965), 14.
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57. ***Vincent Massey says that "foreign affairs traditionally have been presented to the House as a mystery into which the uninitiated should not venture; in moments of crisis the members have been cautioned to leave such explosive matters alone."*** On Being Canadian (Toronto: Dent, 1948), p. 90.

58-61 (on file)

## **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

### **Chapter 5: Canadian-American defence cooperation**

*(All emphasis by the Web Ed.)*

The close cooperation between the United States and Canada in the field of national defence is a relatively new development. There were virtually no formal relationships between the two countries in this area prior to the Ogdensburg Agreement of August, 1940, although R. J. Sutherland of the Defence Research Board concluded that this formal alliance only "converted into an explicit alliance the quiet understanding which had grown up between Canada and the United States over the previous twenty years."<sup>1</sup>

**In 1938, President Roosevelt had announced, under the pressures of the growing international crisis, that the United States would not "stand idly by" if domination of Canadian soil was threatened by any other empire.<sup>2</sup> Two days later the Prime Minister, Mackenzie King, replied that Canada had the obligation to defend her own territory against enemy invasion and to ensure that enemy forces would not be able to attack the United States across Canadian territory.<sup>3</sup> These early statements were followed by the beginning of joint military planning for the defence of North America.**

The Ogdensburg Agreement was important because it created the Permanent Joint Board on Defence (PJBD), an institution still in existence, which in the past has played a key role in the integration of the North American defence effort. Since the end of the war, this alliance has been the cornerstone of Canadian Defence policy, "something which was clearly foreseen by the Canadian Prime Minister in 1940."<sup>4</sup> There is also good reason to believe that President Roosevelt felt that it would be more enduring than a mere wartime alliance. At the time, it appears that the immediate concern of the U.S. President, and Winston Churchill, was to smooth over the bilateral deal for American destroyers, which granted the United States military bases in Newfoundland without advance consultation with the Canadian government. Mackenzie King felt that he was playing the role of "lynch-pin" in the Atlantic triangle, a treasured myth of many Canadians. Before and during the war, the United States carried on its important discussions with Great Britain on a bilateral basis, and when in 1944 Mackenzie King learned of British plans for a postwar international organization, he felt a more appropriate description of his position was "chore boy."<sup>5</sup>

While the United States formed similar boards with other countries during the war, it was significant that in the Canadian instance the PJBD was to be permanent, presumably to last indefinitely. Melvin Conant states that the agreement between Mackenzie King and Franklin Roosevelt "went far beyond what most Canadian and American advisers had recommended to their respective leaders, especially with regard to the permanent character of the new Joint Board."<sup>6</sup> Each country was represented on the PJBD by two civilians and a number of military personnel. While it was supposed to be an advisory (rather than an executive) body, there is no doubt that it has played a very significant role in policy formation. It was quite active during the war, formulating plans for the defence of

North America, the construction of the Alcan Highway, the airfields associated with the North-West Staging Route, and other defence projects. George F. G. Stanley has written that, during these meetings, and throughout the war, "at times Canada was treated as a satellite rather than a willing partner." He feels that since the United States dealt directly with Britain on Commonwealth issues, this "indicated an attitude of domination rather than of cooperation."<sup>7</sup>

**Throughout the war, however, the Canadian officers insisted that Canadian forces remain under national command, and only one small paratroop battalion was integrated into United States forces.** In Europe, it was more natural to be under British command, for Canadian forces were organized along British lines, had British weapons, and were trained in the British manner.<sup>8</sup> It was not until after the end of the war that the process of integration with the United States went into full swing. **However, one of Canada's foremost historians, Frank Underhill, has concluded that "in 1940 we passed from the British century of our history to the American century. We became dependent upon the United States for our security. We have, therefore, no choice but to follow American leadership."**<sup>9</sup> This was a view commonly held by Canadian Liberals. But at the end of the war, it is doubtful if a large number of Canadians believed that the change in the distribution of world power necessitated the integration of Canada into a North American unit. Few believed that Canada was about to be invaded by the Russians, and without such a threat, there was little need for the development of an elaborate integration of Canadian defence forces into the American system. Most Canadians felt that the war had exhausted the willingness of people to support conflict, and they placed their hopes on the United Nations.

### **Post War Military Cooperation**

**In November, 1945, the United States government asked Canada to continue the wartime cooperation indefinitely, and the Mackenzie King Government agreed.** Most of the plans for defence integration with the United States were formulated by the PJBD, which seemed to be under the influence of the military authorities.<sup>10</sup> In the winter of 1945-46, Exercise Muskox was undertaken to test motorized military equipment under the cold weather conditions of Northern Canada. The United States participated with three U.S. Air Force supply planes and six gliders.<sup>11</sup> **In February, 1946, the Joint Military Cooperation Committee was created to formulate joint defence plans.**<sup>12</sup> **In the same year, the United States sent naval vessels to Melville Island without first asking permission from the Canadian government.** These American intrusions on Canadian sovereignty caused some nationalists to be concerned about the Canadian Arctic.<sup>13</sup> In late 1946, the Rush-Bagot Agreement was amended to permit the stationing of naval training ships on the Great Lakes.<sup>14</sup>

**It is clear that before the public became fully aware of the rising Cold War, the governments of United States and Canada were increasing their military cooperation. The formalization of this effort was the Declaration on Defence Cooperation, announced to the House of Commons on February 12, 1947, by Mackenzie King, and simultaneously announced in the United States.** The wartime collaboration was to be continued and would include certain areas: (1) exchange of selected individuals; (2) exchange of observers for exercises and tests of materials of common interest; (3) encouragement of common standards of "arms, equipment, organization, methods of training and new developments"; and (4) reciprocity of "military, naval and air facilities." **These programmes were to be "without impairment of the control of either country over all activities in its territory."** The Prime Minister made a valiant

**effort to convince Canadians that this was not a treaty, an executive agreement, or any contractual obligation, but merely a "joint declaration," and that there was to be complete freedom of action on the part of both countries.<sup>15</sup>** This agreement, and the other cooperative efforts that followed, were products of the PJBD. The Russians reacted with hostility to what they considered to be a military agreement of "obviously aggressive characteristics."<sup>16</sup>

**In the spring of 1946, James Reston of *The New York Times* reported that the PJBD had developed plans for Arctic defence which would have included the deployment of meteorological stations on Canadian territory.<sup>17</sup>** Due to public outcries from a few Canadian nationalists, these projects were postponed until they received the sanction of the February, 1947 agreement. However, in the winter of 1947 Canada and the United States began the construction of seven weather stations in Northern Canada to be operated jointly by the two countries. The U.S. Air Force held that "from the military standpoint and the security standpoint of the Western Hemisphere, it is absolutely essential that some stations be moved into the Arctic,"<sup>18</sup> for the United States regularly flew B-29 bombers from Alaska over the North Pole. In undertaking this project, ships of the U.S. Navy were used. **In fact, it was not until the summer of 1948 that the first Canadian warship entered Hudson's Bay (an illustration of Canada's lack of concern over her Arctic and Northern territory).** Under the weather station agreement, Canada provided all the permanent buildings and installations, and the base commander was a Canadian. But the executive officer under the commander and half the staff were American. While the RCAF provided more than half the airlifts for the project, the United States provided most of the sea supply. Some Canadians felt that this was a needless abdication of sovereignty, for Canada could certainly have afforded to build and operate her own weather stations. Lester Pearson, then Minister of External Affairs, wrote that "it was natural and sensible that the weather station programme should become a cooperative venture."<sup>19</sup>

**Under the planning of the PJBD and the 1947 Agreement, the two countries also undertook to establish an experimental base at Churchill, Manitoba, where various tests would be made on clothing, equipment, transport, etc. The United States was to participate in this programme, but the government stressed that the base would be under Canadian command, and at least 51% of the personnel would be Canadian.<sup>20</sup>**

*Some political controversy was aroused when Parliament was asked to approve the Visiting Forces Act in June, 1947. While the act itself was not any great departure from past precedents, it was used as a vehicle for voicing opposition to the trend towards military alliance with the United States. The CCF Party warned that this trend would lead Canada to become a military satellite of the United States, and they asked that no foreign troops be stationed in Canada in peacetime. M. J. Coldwell felt that Canadian independence was being threatened by military and economic pressures from the United States. This concern was also expressed by a number of Progressive Conservatives, and as Robert A. Spencer notes, "few Liberal members came to the rescue of harassed ministers, who had clearly misjudged the temper of the House and had not prepared a very convincing case."<sup>21</sup> The Canadian Forum stated that while it did not disagree with military cooperation with the United States, there were other factors involved:*

*(") . . . We are not at war. Maintenance of bases in the northern Canadian areas may be necessary in the opinion of the military experts as a part of our own and North American defence. Training in sub-*

*arctic conditions may be wise. But, whatever the necessity in this regard, it cannot be stressed too strongly that all such bases should be under the control of Canada, staffed by Canadians and directed by Canadian officers, directly responsible to the Canadian Chiefs-of-Staff.*

*In developing joint defences we must be extremely careful that it is joint defence and not assumption of military vassalage. Canada is ours and worth defending. We must be certain that we defend it as much from our 'friends' as from our 'enemies'! ("")<sup>22</sup>*

However, with the rising Cold War, there was little real concern for the intricate details of defence cooperation with the United States. In such a conflict, the Canadian government concluded that we must inevitably be linked with the United States. **Even a Canadian nationalist like General A. G. L. McNaughton, who was then Chairman of the Canadian Section of the PJBD, could write that defence cooperation with the United States was "natural," even though no real threat to North America yet existed.** He felt that the only real threat to North America would come from a possible combination of Europe and Asia, "which had extended its dominance to the oceans to the east, to the west and to the north." However, he argued that advance prevention called for cooperation with the United States, including "the vital political and economic questions whose solution will serve to unite instead of dividing the world."<sup>23</sup>

**The position of the continentalists could be expected. The Liberal Secretary-of-State for External Affairs argued that defence cooperation was "normal and necessary." These agreements "infringe no rights, inside or outside Canada. . . . There is no threat to the control of our own affairs in our collaboration with the United States on joint defence," he told the House of Commons.<sup>24</sup> In commenting on CCF opposition to the privileged status of U.S. forces on the Newfoundland bases, George Ferguson asked: "What kind of strange isolationism is this? Do autonomy and nationalism imply that Canada with its 12 million people, occupying half a continent of land, must develop a kind of irrational doctrine of Sinn Fein—Ourselves Alone-avoiding all commitments which would involve us materially and culturally with any other nation of the world?"<sup>25</sup>**

**During this period in the development of the Cold War, the United States also built up the strength of its bases on Newfoundland, much to the dismay of some Canadians. The impact of the U.S. presence on Newfoundland was felt to be a factor in the closeness of the vote on joining Canada in 1948.<sup>26</sup> Under the provisions of the 1941 agreement between Britain and the United States (to which neither Canada nor Newfoundland was a party), the United States obtained a 99-year lease on three bases. It is significant that the St. Laurent Government did not challenge the American claim to sovereignty over these bases when Newfoundland joined the Canadian Confederation in 1949.**

**There were inevitable conflicts over the presence of so many Americans on Canadian soil (about 15,000 in the mid-1950s).<sup>27</sup> Many Canadians felt that the United States soldiers on these bases should be required to come under the Visiting Forces Act of 1947, which applied to the base at Churchill, Manitoba. Of far more significance to Canadian foreign policy was the buildup of the U.S. Air Force on the three bases: Fort Pepperell, the headquarters near St. John's; Harmon Field, at Stephenville, on St. George's Bay; and Argentia, 65 miles southwest of St. John's, which also included a U.S. Naval base. In a subsequent agreement, the United States agreed to have its forces comply with the general rules applying to U.S. troops elsewhere in Canada, but the fact remained that the United States retained sovereignty over these bases. The United States, for example, could use them for the now famous "fail safe" missions, flying strategic bombers north towards the Russian border and then**

returning. The Russians considered these flights to be provocative and dangerous, since the balance of terror could easily be upset by accidents or miscalculations. During the Cuban missile crisis of October, 1962, Canadians discovered the full meaning of having these outposts on Canadian territory. They could be used without any Canadian control as bases for U.S. bombers preparing for a nuclear attack on the Soviet Union.

Of great significance to the armed forces, and to the defence industry of Canada, was the "New Hyde Park Agreement" of October 26, 1950, the first major contribution of the Joint Canada-United States Industrial Mobilization Planning Committee, created by an exchange of notes in 1949. The "principles for economic cooperation," urged on by the Korean War, called for a coordinated programme for common defence, including military procurement, economic controls, the use of raw materials, and industrial mobilization. The effect of this plan was to develop standardization of weapons and equipment with the United States. While C. D. Howe announced in Washington that, historically, "Canada and the United States march side by side in time of war,"<sup>28</sup> this was a distinct break with the past. Many realized that the effects would be to "link our defence forces irrevocably with the United States."<sup>29</sup> Standardization could not be achieved overnight, but it was rapidly promoted by the decision of the St. Laurent Government to ship the existing British-made equipment to Europe, under the NATO programme for building up the armed forces of the European members, and to replace them with new purchases from the United States. The military, with its British tradition of uniforms, training, organization and equipment (to say nothing of actual fighting experience) had doubts about the programme. The Liberal Minister for Defence, Brooke Claxton, assured Canadians that there was "no intention of making any changes which . . . [would] . . . affect traditions of units or corps of the Canadian Army, badges of rank, regimental badges, colours, regimental affiliations with regiments of the British Army or other Commonwealth countries, distinctive items of dress such as those of Canadian Scottish and rifle regiments, or the titles of units."<sup>30</sup> But a pattern was developing, and only a concerted effort on the part of the Canadians could have reversed it.

### Radar Warning for the United States

While a general trend towards military cooperation with the United States was already established, and there was a breaking away from traditional European attachments, the most significant development came with the decision to coordinate the air defences of the United States and Canada. Once this programme began as a joint operation, there could be no turning back except through a dramatic change in policy which would involve a complete break.

General Charles Foulkes, who retired in 1960 as Chairman of the Chiefs-of-Staff Committee, claims that the initial decision for joint air defence with the United States was taken in 1946.<sup>31</sup> The U.S. Secretary of Defence, James Forrestal, met with the Defence Committee of the Canadian Cabinet in August, 1948 and noted in his diary that the Canadian Government was seriously considering the creation of a northern radar system but felt that the costs made it too difficult.<sup>32</sup> However, in August, 1949<sup>33</sup> the Soviet Union exploded the atomic bomb and was developing bombers capable of delivering them on the United States. Military planners in both countries were seriously studying the problem, and public opinion was aroused by official statements and articles claiming a possible Soviet threat.<sup>34</sup>

Aside from the question of whether or not the Russians would be likely to launch an attack, the discussion should have focused on whether a defence in the traditional sense was possible in the nuclear era. If it was decided that a defence system was possible, and was worth the cost, who should be defended, Canada or the United States? Unfortunately, this main question was avoided. Would integration with the United States in a continental defence system insure Canada more safety than she would have as an independent country? Is it conceivable that Canada might want to remain neutral in a nuclear war between the United States and the Soviet Union? The military and the Liberal Government concluded that if the Soviet Union attacked the United States, they would probably attack Canada as well.

Samuel P. Huntington has noted that the United States began a continental defence effort in 1950, with the construction of seventy-five radar stations, the creation of the Army Anti-aircraft Command and the Air Force Air Defence Command, and the acquisition of all-weather fighter interceptors. In 1951 the governments of Canada and the United States agreed to begin construction of the Pinetree Line along the boundary between the two countries. This radar line cost about \$300,000,000 to build, with about two-thirds of the cost borne by the United States. Nevertheless, he concludes, these steps were "discrete and incomplete" and "did not represent a major coordinated effort to develop a continental defence system." The final decision was not made until October, 1953.<sup>35</sup>

There were several reasons for opposing a totally integrated defence system in North America. First, it was not certain that any defence effort could be effective in the nuclear era. Secondly, the Air Force was stressing the build-up of bombers for the Strategic Air Command, supporting the theory of deterrence. They argued that "the bomber always gets through." But all three services in the United States agreed that the best defence was a good offense. Therefore, when there was a scarcity of funds for military spending, was it the best policy to spend it on a continental defence system?<sup>36</sup>

Several independent studies were made at this time. Project Charles, by Massachusetts Institute of Technology scientists, supported the building of a coordinated warning and defence system. The Eisenhower Administration appointed a new study group, the Kelley Committee, which in contrast stressed the need for deterrence. **However, in August, 1953 the Soviet Union exploded the hydrogen bomb, and this broke the back of the resistance within the Eisenhower Administration.**

No sooner had the two countries embarked on the construction of the Pinetree radar line than scientific advisers in the United States pointed out that it was inadequate and should have been placed farther North. In 1954, the PJBD agreed that two additional warning lines should be built. The northernmost line, the Distant Early Warning (DEW) Line, was to be built and operated by the United States. A second line, the Mid-Canada (or McGill) line, was to be built by Canada, near the 55th parallel.

**Considerable controversy arose over the building of the DEW line. Many felt, on principle, that this agreement entailed a considerable surrender of Canadian sovereignty in the North, where there was little enough Canadian presence. There were several particular incidents which contributed to this feeling. The United States Air Force had given the contract to Western Electric, a subsidiary of American Telephone and Telegraph. After completion of the project, the job of operating and manning the installations was to be given to Federal Electric, a subsidiary of another American telephone firm. The Americans ran the DEW line as if the Arctic were part of the United States. The**

**Liberal M.P. for Mackenzie River, Mervyn Hardie, objected to the fact that when he wanted to visit his constituents at the stations he had to obtain a permit from the American head office in Paramus, New Jersey.<sup>3 8</sup> The Roman Catholic Bishop of Mackenzie was refused permission to land on a DEW line air strip because he had failed to get advance clearance.<sup>3 9</sup> The security clearances for the operation were supposedly under joint control, but in fact they were under the administration of U.S. authorities.<sup>4 0</sup> Washington was also the source of all news reports coming out of the North, and some Canadians felt this led to a distortion of what was happening. Americans were likely to believe that the United States had taken over the Canadian Arctic.<sup>41</sup>**

Public opinion centered on whether or not Canada should have built and operated the DEW line on her own. Some commentators noted that it was logical that the United States should operate the programme, for they had the money and the personnel and, after all, the radar system was mainly to defend the United States. *Saturday Night*, however, asked if Canada was "prepared to trade a substantial portion of sovereignty for the comfort of avoiding difficult political decisions?"<sup>42</sup> Maclean's concluded that, if economic theories of comparative advantage had always been followed, "Canada would never have become the nation it is today."<sup>43</sup> Leslie Roberts admitted that the DEW line arrangement was one of purely military convenience, but concluded that the question of sovereignty must not be forgotten. "Ottawa," he argued, was "not purposefully selling us over the border." The government just wasn't taking the trouble to protect the North. "We are not being dragged into subservience by the United States. We are moving into it under our own steam, with our own chosen leaders at the throttle."<sup>44</sup> The editor of Maclean's visited the DEW line, along with a group of newsmen from North America, and came back even more concerned. He was not impressed with the argument that Canada could not afford to build and operate the radar line. In a widely read article, he argued that the DEW line agreement "is the charter under which a tenth of Canada may very well become the world's most northerly banana republic. For a sum of money that has been officially estimated at four hundred million dollars we have at least temporarily traded off our whole northern frontier. In law we still own this northern frontier. In fact we do not."<sup>45</sup> It was criticism such as this that moved the Diefenbaker Government, in 1959, to secure Canadian control of the DEW line stations.

But the Mid-Canada line, built and manned by Canada alone, also came under criticism. Arnold Edinborough of *Saturday Night* charged that there was great wastage in the construction of the radar line and administrative bungling on the part of the Department of Defence Production. He was also critical of the decision to give the contract to the Bell Telephone Company when it was to provide equipment representing only about 1/5 of the costs. Eventually, the Mid-Canada line cost the Canadian Government about \$250 million. Although construction began in 1956, operation did not commence until January 1, 1958, one year after scheduled completion, and considerably later than the DEW line.<sup>46</sup>

More important was the question whether the Mid-Canada line was needed. It might have been defended if it were a stop-gap effort to fill a time lag before the completion of the DEW line. However, this was definitely not the case. After the DEW line was completed, what purpose would another line fulfill? It would simply confirm any reported sightings on the DEW line and aid in tracking incoming bombers. Some have argued that this was a useful service, for if a DEW line radar station were knocked out by a Soviet attack, the Mid-Canada line would be able to confirm the attack. However, it was widely believed

that if the Soviets were to launch a preemptive bomber attack on the United States, this would be a mass attack, spread over a wide distance, in order to take advantage of the concentration of North American defences. There would be no attack by a single aircraft. NORAD officers have used this line of argument to refute those who fear that the computerization of the system, plus the necessity for immediate decision, make fatal errors possible. NORAD officers state that no retaliation is ever considered on a single sighting, but only if there is a mass attack. The fact that the Mid-Canada line was the first to be abandoned is evidence that it was redundant and a waste of money.

Then why was it built? Undoubtedly it was supported by the RCAF, and it should be recalled that at this time the air forces in both countries were dominating official strategic policy.<sup>47</sup> In addition, since the decision had been made to allow the United States to build the DEW line, it was felt that some of the expected criticism would be blunted by having Canada build part of the system. General Guy Simonds, who was Chief-of-Staff at the time of the decision to build the Mid-Canada Line, contends that it was "powerfully influenced by a desire to put to use gadgetry evolved in Canada at considerable effort, rather than considerations of what would provide the best defence, most capable of adapting to new weapons as they evolved."<sup>48</sup> Ralph Campney, the Liberal Minister of Defence, ignored these criticisms and instead argued that the Mid-Canada line was "even more significant, perhaps, to Canada's economic programme as it rolls the map northward."<sup>49</sup>

**It is interesting to see how the decision to build an integrated radar warning system was developed and carried out. It was mainly the result of private discussions between U.S. and Canadian military personnel, with the sanction of the PJBD. The recommendation was accepted by the St. Laurent Government and implemented by executive action. The piecemeal agreements with the United States were in the form of executive agreements, not treaties, and they were announced to Parliament<sup>50</sup> in a casual manner over a long period of time, with no details provided. In spite of the far-reaching significance of the decision, and the fact that it involved a considerable sum of the taxpayers' money, there was no meaningful discussion of the programme in Parliament. The opposition asked a few questions, but there was never a single debate on the policy itself: it was just assumed to be correct. Even if Parliament had doubts, it was presented with a *fait accompli*.**

#### **The Formation of NORAD**

There is a general impression in Canada that the decision to integrate the defences of North America under a single scheme, known as the North American Air Defence Command (NORAD), was one of the major inconsistencies in the nationalism of John Diefenbaker. Actually, the implementation of the NORAD agreement was just the final step in the general process that had begun with the Cold War but had been rapidly stepped up with the decision of the St. Laurent Government to create the system of early warning. It was only natural that this system be totally coordinated.

Under the circumstances, it should have been obvious that the United States would eventually come to control the whole system. The radar stations were primarily designed to give warning to the Strategic Air Command. They were of little use to Canada. They could not provide enough warning time to permit evacuation of Canadian cities. As early as 1951, the Department of External Affairs stated that "the United States and Canadian portions of the radar system will be linked together to

**form a single organization.<sup>51</sup> In 1952, the two countries carried out "Exercise Signpost", the first large-scale test of the joint Canadian-United States Air Defence Systems....<sup>52</sup> Subsequent reports note the development of the "jointly-operated system of warning of the approach of hostile aircraft and for the control of interceptor aircraft," a system that called for close collaboration and, preferably, integration.**

**In June, 1955, Air Marshall C. R. Slemon remarked publicly that the government was planning a unified command for continental air defence.<sup>53</sup> Saturday Night felt that this was a clear change of policy and ought to be decided by Parliament.<sup>54</sup> Professor Donald C. Masters notes that while the *Montreal Star* and *The Globe and Mail* (Toronto) expressed concern for Canadian sovereignty, this was not widespread. They were not even concerned about a defence policy geared to shoot down as many nuclear bombers over Canada as possible, thus sparing the United States from the full force of an attack.<sup>55</sup>**

James M. Minifie has argued that the U.S. Government did not intend to push Canada into a complete system for the integration of North American defence. While the USAF had undoubtedly worked out a plan, it was opposed by the U.S. Secretary of Defence, Charles E. Wilson. In January, 1955, before a hearing in the House of Representatives, both Mr. Wilson and Admiral Radford had opposed the scheme when it was brought up by Sterling Cole, a Congressional spokesman for the Air Force lobby. Mr. Wilson noted that while he was a good friend of C. D. Howe, the Minister of Trade and Commerce, he felt that it would be bad politics to try to force this proposal on a historically sensitive Canada in peacetime. Mr. Minifie suggested that the RCAF and the USAF were nevertheless able to get the proposal adopted in spite of the adverse judgment of others.<sup>56</sup>

**In May, 1956, the two governments established the Canadian-United States Military Study Group to investigate the best way to create the system of total integration. The Study Group recommended in December, 1956 that a joint headquarters be provided for operational control of the whole air defence system. In April, 1957 this was approved by the Eisenhower Administration and the Canadian Chiefs-of-Staff.<sup>57</sup> The Minister of National Defence, Ralph Campney, gave his full support to the programme on February 18, 1957, and on February 28, 1957, he stated that the Government would approve the programme provided the Deputy Commander would be a Canadian. This proposal was before the Cabinet Defence Committee at the time the election was called. On March 24, 1957, a delegation of Canadian officers proceeded to Washington to personally tell the U.S. officials that there was no opposition to the plan, but to avoid having it become a political issue in the election, it was temporarily being suspended.<sup>58</sup> There is no reason to believe that the Liberal Government, had it been re-elected, would have changed its mind and made a radical break with the policy established by the previous Liberal Governments. Peter Newman states that the Liberal Minister of National Defence had "at least informally promised Washington that the NORAD plan would be implemented," and this seems most probable.<sup>59</sup> Thus, the new Diefenbaker Government was presented with the decision, and on August 1, 1957, succumbed to pressures and announced the interim creation of the organization, with the formal agreement to follow later. Melvin Conant writes that "in retrospect it seems clear that neither he nor his principal cabinet members understood the full political import of placing integrated Canadian and U.S. forces under a U.S. commander-in-chief."<sup>60</sup> General Guy Foulkes, at the time Chairman of the Chiefs-of-Staff Committee, told the House of Commons Special Committee on Defence that the military,**

unfortunately, had "stampeded the incoming government with the NORAD agreement. . . ."<sup>61</sup> The new Conservative Government had been in office only 51 days, and it had been out of power since 1935. Furthermore, it was a weak, minority government. Under these circumstances, it was hardly surprising to find that the Diefenbaker Government had second thoughts on the agreement at a later date.

At the time, there was some concern voiced over the manner in which the new Diefenbaker Government announced the actual formation of NORAD. By Order-in -Council of July 31, 1957, and in conjunction with a similar announcement by the U.S. government, the decision was made to begin the integration of the command structure at Colorado Springs. The formal agreement had not yet been completed, and in fact was not revealed until May 12, 1958. Parliament was not meeting, and prior to June 10, 1958, there was no debate on the matter, only occasional announcements and brief exchanges. **As with the previous development of defence integration with the United States, Parliament was presented with a *fait accompli*.** Yet, there seemed to be little public concern for the scope of the decision which, as Mr. Diefenbaker noted on many occasions, was merely the high point of culmination of the post-war trend towards continentalism in defence. The noted defence critic, James Eayrs, remarked that the August announcement "was received in Canada with a calm indifference not at all like the public outcry predicted had the Liberals negotiated a similar agreement. . . ." Of course, the Liberals *had* negotiated the agreement. **The lack of nationalist outcry probably reflected lack of public interest in the matter.** Professor Eayrs concluded that "assuming it will increase the efficiency of the defence of North America . . . the decision to create the Continental Air Defence Command (CONAD) is to be welcomed. When nations are threatened with destruction sovereignty becomes irrelevant—as Mr. Churchill saw more clearly than the French Government in 1940."<sup>62</sup> Professor Kenneth McNaught feels that the bipartisan support it received from inception by the two major parties, and the fact that it was implemented before it was debated, or before an agreement was even signed, highlighted "the dominance of the military in North American affairs and the total lack of respect felt for the Commons by both Liberal and Conservative governments. . . ."<sup>63</sup>

Samuel P. Huntington has concluded that for the United States the policy of continental defence was a much greater innovation than the stationing of troops in Europe or the reliance on strategic deterrence. "Not since the War of 1812 had the continental United States been the probable target of foreign attack."<sup>64</sup> The same was true for Canada. Under the NORAD agreement Canada and the United States agreed on "the necessity for integration of operation control of Canadian and United States air defences. . . ." The agreement noted that "arrangements which existed between Canada and the United States provided only for the coordination of separate Canadian air defence plans, but did not provide for the authoritative control of all air defence weapons which must be employed against an attacker." The major innovation was that in peacetime there would now be "an organization, including the weapons, facilities and command structure which could operate at the outset of hostilities in accordance with a single air defence plan approved in advance by national authorities." **NORAD headquarters were to be in Colorado Springs; the preponderant majority of servicemen assigned would be American; and the commander would always be an American officer operating under the direction of the President of the United States.**

**Canadian forces were to be integrated into a defence system clearly dominated by the United States. The "joint" organization was to have "operational control over assigned forces," and this was clearly defined in the agreement:**

*(3) "Operational Control" is the power to direct, coordinate, and control the operation activities of forces assigned, attached or otherwise made available. No permanent changes of station would be made without approval of the higher national authority concerned. Temporary reinforcement from one area to another including the crossing of the international boundary, to meet operational requirements will be within the authority of commanders having operation control.<sup>65</sup>*

This was a dramatic change in the structure of Canada's military forces.

### Defence in the Nuclear Age

American policy in the period immediately after the Second World War depended on the theory of deterrence: the Soviet Union would not invade Western Europe as long as the United States had the atomic bomb and the ability to deliver it.<sup>66</sup> This was stressed in the basic policy paper prepared by the Department of State in June, 1948. U.S. forces were to support the American political position and to "act as a deterrent."<sup>67</sup> The Strategic Air Command was formed in the summer of 1946, and while it had only one group capable of dropping the atomic bomb on the Soviet Union, at the time this was enough. By 1951 the U.S. Air Force consisted of 48 wings, including 18 in the Strategic Air Command. Dean Acheson told the London meeting of the NATO foreign ministers in May, 1950 that the United States had "a substantial lead in air power and in atomic weapons," and that this would be "the most powerful deterrent against aggression."<sup>68</sup> By 1954, as Professor Huntington has noted, "with its fleet of B-47s, its overseas bases, its large stockpile of improved fission bombs, and the increased readiness and competence of its crews, it [SAC] could have effectively destroyed the Soviet Union with little likelihood of serious reprisal against the United States."<sup>69</sup> The important point is that strategic retaliation required intercontinental bombers and nuclear weapons, but it did not require a continental defence system. This was why there was considerable opposition within the military itself to the stress on continental defence.

The most significant aspect of the NORAD agreement was not that it placed the Canadian military forces assigned to defend North America under the control of the United States. This trend was already well advanced. The significant fact, which was from this time on to create more difficult problems, was the formal acceptance of the premise that Canada and the United States *could be defended* against an air attack

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in the nuclear age. This revealed a reluctance to admit that thermonuclear weapons had revolutionized warfare. No nation-state could participate in an all-out nuclear war without suffering tremendous devastation, if not complete annihilation. A defence which leaves a country with its industry almost totally destroyed, and at least half of its population dead, and with the remainder "envying the dead," as Herman Kahn once put it, is no defence at all. It is national suicide. Ironically the sovereignty that Canada surrendered in the area of national defence was exchanged for a policy that was futile.

(...)

(If) there can be a victor in intercontinental, thermonuclear war, it will be the side which inflicts the greatest damage in the first attack.<sup>89</sup> But in reality, any possible factor of "uncertainty" was very minor. The limitations of defence were well known, and both the United States and the Soviet Union had a second-strike capability which would bring unacceptable losses to the other side. From a practical point of view, when deterrence fails, the policy of national defence fails. Canada was helping to build another Maginot Line.

**It should also be remembered that technology in warfare was not standing still. At the end of the Second World War, significant progress was being made in the development of missiles.** Yet in the West, the Air Force had succeeded in getting research channeled into developing the jet engine, combined with the manned bomber. It was obvious from German successes that the missile would be the weapon of the future. In the Soviet Union, the Air Force did not dominate, so research development was channeled into missiles. In vain, the Army generals in the West warned of the futility and waste of spending money to build a defence against bombers when the future threat would be missiles. **When construction began on the DEW line and the Mid-Canada line, it was already clearly evident that missiles were to dominate future weapons-systems.** But, nevertheless, construction continued on the two new lines, which were not integrated into the radar system until January, 1958. **Significantly, between the announcement of NORAD on August 1, 1957 and the signing of the agreement on May 12, 1958, there had been one major development, Sputnik I (the Soviet's first -- and world's first -- successful launch of an earth satellite --ed.)** As James M. Minifie pointed out: "Therefore, the need of a unified command in peacetime had decreased in these thirty months, for NORAD can do nothing about ballistic missiles. The DEW-line cannot detect them. Mid-Canada and Pinetree cannot deal with them."<sup>90</sup> This fact was supported by the statements of the officers assigned to NORAD, and it led to the development of the Ballistic Missiles Early Warning System (BMEWS), which, while providing no defence, gave the Strategic Air Command some warning of a missile attack.

*One is struck by the difference in attitudes of the Canadian governments towards participation in alliances with great powers.* In the period down through World War I spokesmen for the Canadian government stressed their hesitancy to participate in Imperial Defence programmes with Great Britain. How different it has been since World War II, when the question was military alliances with the United States. *As Professor George F. G. Stanley has noted, "today Canadians are obliged to accept a larger measure of dictation in defence matters from Washington than they were ever willing to take from London in the ninety years since Confederation."*<sup>91</sup> Why was there the big change? Why was there distrust of Great Britain but no distrust of the United States? It is only possible to offer an opinion on this question. But there has been one major change that has occurred during this period. That is the existence of the socialist countries of the Soviet Union, China and Cuba. In the period prior to World War I, wars were primarily struggles among imperial powers and between the metropolitan countries and their colonies, protectorates and spheres of influence. Canadians did not care to be involved in these conflicts; they meant very little to them. But the basic conflict since World War II has changed. The major struggle today is between the "free world" and the expansion of socialism and communism. As many spokesmen for NATO have stressed, the struggle is for the survival of the capitalist system. And Canada's political and economic leaders have felt that this struggle involves their interests. *If capitalism is defeated elsewhere, then in the end it will be defeated in Canada. Therefore, the Canadian leaders have not objected to subordination of defence policy to that of the United States because that country is the defender of "our way of life." By participating in the alliance systems, Canada's leaders are contributing to the common struggle. For our governing elites, this is not the time to insist on sovereign equality.*

#### FOOTNOTES

1. "The Strategic Significance of the Canadian Arctic," in R. St. J. Macdonald, ed., *The Arctic Frontier* (Toronto: University of Toronto Press, 1966), p. 259. The interwar period was characterized by increased integration of Canada into the Canadian (US?--ed.) economy. *Rearmament* (Toronto: University of Toronto Press, 1965), p. 183.

2. Cited in James Eayrs, *In Defence of Canada: Appeasement and Rearmament* (Toronto: University of Toronto Press, 1965), p. 183.
3. *bid.*
4. Sutherland, *op. cit.*, p. 261.
5. Blair Fraser, "Canada: Mediator or Busybody," in J. King Gordon, ed., *Canada's Role as a Middle Power* (Toronto: Canadian Institute of International Affairs, 1966), pp. 5-6.
6. Melvin Conant, *The Long Polar Watch: Canada and the Defence of North America* (New York: Harper and Brothers for the Council on Foreign Relations, 1962), p. 27. At this time, Mr. Conant was Director of Meetings of the Council, which is generally considered an "unofficial" spokesman of American foreign policy. Prior to that he was on the faculty of the U.S. National War College. This book is, in effect, a "quasi-official" account of the U.S. case against the Diefenbaker Government's defence policy.
7. George F. S. Stanley, *Canada's Soldiers: The Military History of an Unmilitary People* (Toronto: The Macmillan Company of Canada, 1960), p. 409. Hugh L. Keenleyside, the first representative from the Department of External Affairs on the PJBD, notes that the recommendation dealing with the status of U.S. forces in Canada referred to the Americans throughout the report, as the "occupying forces." This fact was widely known in Canada and produced "a good deal of semi-humorous sarcasm." Hugh L. Keenleyside, "The Canadian-U.S. Permanent Joint Board on Defence, 1940-1945," *International Journal*, XVI (Winter, 1960-1), 64.
8. Stanley *op. cit.*, p. 410.
9. Frank Underhill, "Canada and the North Atlantic Triangle," *The Centennial Review*, I, No. 4 (1957), cited by Kenneth McNaught, "The Case for Non-Alignment," in *Debate on Defence* (Toronto: Ontario Woodsworth Memorial Foundation, 1960), p. 16.
10. Gen. Charles Foulkes, "Canadian Defence Policy in a Nuclear Age," *Behind the Headlines, Minutes of Proceedings and Evidence*, XXI, No. 1 (May, 1961), 2; also see the testimony of George R. Pearkes, Minister of National Defence, House of Commons, Special Committee on Defence Expenditures, No. 10 (June 8, 1960), 251.
11. Blair Bolles, "Arctic Diplomacy," *Foreign Policy Reports*, XXIV (June 1, 1948), 63-64.
12. Brian Crane, "Canadian Defence Policy" (Toronto: Canadian Institute of International Affairs, 1964), pp. 27-28.
13. Stanley, *op. cit.*, p. 411.
14. Robert A. Spencer, *Canada in World Affairs, 1946-1949* (Toronto: Oxford University Press, 1959), 306.
15. House of Commons Debates, I (February 12, 1947), 345-348.
16. Izvestia (February 19, 1947), cited in Bolles, *op. cit.*, 63.
17. *The New York Times*, May 18, 1946.
18. Bolles, *op. cit.*, 63.
19. Lester Pearson, "Canada's Northern Horizon," *Foreign Affairs*, XXXI (July, 1953), 585.
20. Blair Fraser, "The Watch on the Arctic," *Maclean's*, LIX (December 1, 1946), 70.
21. Spencer, *op. cit.*, pp. 287-288.
22. "Joint Defence," *Canadian Forum* (July, 1947), 75.
23. Gen. A. G. L. McNaughton, "Protecting the North American Frontier," *Academy of Political Science Proceedings*, XXII, No. 2 (January, 1947), 248.
24. Louis St. Laurent, House of Commons Debate (April 29, 1948), 3443.
25. George Ferguson, "Are the Yanks Invading Canada?", *Maclean's*, LX (September 1, 1947), 42. Lester Pearson wrote later that "these northern defence activities and scientific projects [with the United States] have given Canada a 'new look'." Mutual cooperation had produced a new map of Canada. This was "the first time, in publication for general distribution, that all of Canada has been shown." It is some comment on Canada as a nation that it took eighty-five years to produce such a map, and then it was only with U.S. help. Pearson, *op. cit.*, 586.
26. Joseph Barber, *Good Fences Make Good Neighbors* (Toronto: McClelland and Stewart, 1958), p. 163. Dale C. Thomson writes that the Prime Minister, Louis St. Laurent, "gave the assurance that the British-American agreement authorizing them [the American bases] would not be challenged when the area became a part of Canada, and the President reciprocated by declaring that Canada's political independence was in the interest of both nations." *Louis St. Laurent: Canadian* (Toronto: Macmillan of Canada, 1967), p. 259.
27. For a few examples, see Blair Fraser, "Where the Yanks Rule a Part of Canada," *Maclean's* LXII (November 15, 1949), 7, 68. Also see Spencer, *op. cit.*, pp. 335-363.
28. Quoted in "Mr. Howe's History," *Saturday Night*, LXVI (November 7, 1950), 6. The editors questioned the accuracy of this statement.
29. *Ibid.*
30. Cited in Stanley, *op. cit.*, pp. 412-413.
31. Foulkes, *op. cit.*, 2.
32. Cited in Spencer, *op. cit.*, p. 315.
33. In 1949 the government admitted that an early warning radar screen was being developed. Canada,

Department of National Defence, *Canada's Defence Programme, 1949-1950* (Ottawa: The Queen's Printer, 1949), paragraph 29.

34. For example, see Wallace Goforth and Sidney Katz, "If the Russians Attack Canada," *Maclean's*, LXIV (June 15, 1951), 7-9, 66. In their analysis of Saskatchewan, they state that Saskatoon and Regina are probable secondary air targets, and that Prince Albert is a possible target for commando raids. However, Moose Jaw and Weyburn are listed as areas of relative safety. Col. Goforth played an influential role in the Defence Research Board from the end of the war until his resignation in April, 1947, as Deputy Director of Defence Research.

35. Samuel P. Huntington, *The Common Defence* (New York: Columbia University Press, 1961), pp. 326-327.

36. *Ibid.*, pp. 327-328.

37. *Ibid.*, pp. 329-333.

38. James M. Minifiepeacemaker or Powdermonkey (Toronto: McClelland and Stewart, 1960), p. 103.

39. Blair Fraser, "Could Canada Stay Out of a U.S. War?" *Maclean's*, LXXI (December 6, 1958), 25.

40. Leslie Roberts, "Should We Bring our NATO Troops Home?" *Saturday Night*, LXX (October 29, 1955), 8.

41. *Ibid.* The author cites one example which particularly irritated him. A 126-ship sea lift to the DEW line was announced by a U.S. admiral, noting that "for the first time in history the Northwest Passage had been used to move men and supplies," which, of course, was not true. The press release also noted that "ships of the Royal Canadian Navy also served," which implied a second-class role (which was probably true). Mr. Roberts was irritated that no mention was made of the new Canadian ship, HMCS Labrador nor Captain Robertson, who directed the navigation.

42. *Saturday Night*, LXX (April 23, 1955), 3.

43. "If We Want to Stay a Nation, We Must Foot the Bill," *Maclean's*, LXVIII (August 5, 1955), 2.

44. Roberts, *op. cit.*, 8.

45. Ralph Allen, "Will the Dewline Cost Canada its Northland?", *Maclean's*, LXIX (May 26, 1956), 17.

Canadian reactions to these and other incidents are related by Barber, *op. cit.*, pp. 61-68.

46. See the two articles by Arnold Edinborough, "A Story of Waste on the Mid-Canada Line," *Saturday Night*, LXXIV (March 14, 1959), 9-13, *et seq.*; "The Administrative Muddle of the Mid-Canada Line," *Saturday Night*, LXXIV (March 28, 1959), 9-11, *et seq.*

47. For example, changes in the top of the Canadian military establishment in the summer of 1955 were widely believed to reflect the acceptance of John Foster Dulles' policy of "more bang for the buck" and "massive retaliation." The U.S. government, influenced by the USAF, argued that in the future the only wars to be fought would be all-out nuclear wars. See Blair Fraser, "Was Guy Simonds Really Sacked?", *Maclean's*, LXVIII (July 23, 1955), 41. The changes involved the retirement of General Guy Simonds, who opposed this new policy. The Deputy Minister of Defence, C. M. Drury, was replaced by Air Vice-Marshall Miller, the first airman to ever hold this position normally held by a civilian. A more indiscreet spokesman for the new policy, Air Vice-Marshall John Plant, was demoted for publically stating that he wanted to "knock hell out of the Russians" and for proposing the abolition of the Army and the spending of its budget allocation on strengthening the Air Force. "The Sounding Brass," *Saturday Night*, LXX

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(June 25, 1955), 4.

48. Gen. Guy Simonds, "Where We've Gone Wrong on Defence," *Maclean's*, LXIX (June 23, 1956), 68.

49. Quoted in Donald C. Masters, *Canada in World Affairs, 1953-1955* (Toronto: Oxford University Press, 1959), pp. 63-65.

50. "Joint Announcements" were made on April 8, 1954, September 27, 1954, November 19, 1954, February 22, 1955 and May 20, 1955.

51. *Report of the Department of External Affairs, 1951* (Ottawa: The Queen's Printer, 1952).

52. *Report of the Department of External Affairs, 1952* (Ottawa: The Queen's Printer, 1953), p. 16. Such exercises become annual events.

53. Statement of Air Marshall C. R. Dunlop, Chief of the Air Staff, House of Commons, *Special Committee on Defence*, No. 6 (July 16, 1963), 163. Referred to hereafter as *Special Committee on Defence*. Prior to the NORAD agreement, while there was close collaboration and automatic exchange of early warning information, each country maintained an autonomous defence system. The United States created the Continental Air Defence Command in March, 1946, and the Canadian counterpart was created on December 1, 1948. Sutherland, *op. cit.*, p. 263.

54. "The Sounding Brass," *op. cit.*, p. 4.

55. Cited in Masters, *op. cit.*, pp. 63-65.

56. Minifie, *op. cit.*, pp. 94-99.

57. Testimony of General Charles Foulkes, *Special Committee on Defence*, No. 15 (October 22, 1963), 510.

58. John Diefenbaker, *House of Commons Debates* (November 13, 1957), 1059-1061.

59. Peter C. Newman, *Renegade in Power* (Toronto: McClelland & Stewart, 1963), p. 347.

60. Melvin Conant, "Canada's Role in Western Defence," *Foreign Affairs*, XXXX (April, 1962), 436.

61. *Special Committee on Defence*, No. 15 (October 22, 1963), 510.

62. James Eayrs, "CONAD," *Canadian Forum*, XXVII (September, 1957), 122-123. It became known as NORAD after the May 12, 1958 announcement.
63. McNaught, *op. cit.*, p. 16.
64. Huntington, *op. cit.*, pp. 327-328.
65. See "Agreement Between Canada and the United States of America," May 12, 1958, *Canada Treaty Series*, No. 9 (1958). The text is also printed in *House of Commons Debates* (May 19, 1958), 241-242.
66. This was the position taken by the Joint Chiefs-of-Staff. Huntington, *op. cit.*, p. 45.
67. *Ibid.*, p. 39.
68. Quoted in R. N. Rosecrance, *Defense of the Realm: British Strategy in the Nuclear Epoch* (New York: Columbia University Press, 1968), p. 98.
69. Huntington, *op. cit.*, p. 65.
70. Brooke Claxton, "Canada's Defence Program," *Statements and Speeches*, No. 51/5 (February 5, 1951).
71. Huntington, *op. cit.*, p. 327.
72. R. A. Carlton, "Forward Look at Air Defences: Canada's New Concept of Continental Air Power," *Canadian Aviation*, XXVIII (June, 1955), 54.
73. Testimony of Gen. Guy Simonds, *Special Committee on Defence*, No. 14 (October 17, 1963), 453. This tends to be borne out by the experience of U.S. air attacks on the Hanoi area in North Vietnam, where the United States, according to statements of U.S.A.F. officers, faced the most concentrated defence effort in history. Yet U.S. losses were around 6%, although it must be admitted that fighter-bombers are less vulnerable to defences than intercontinental bombers.
74. Huntington, *op. cit.*, p. 329.
75. Institute for Strategic Studies, "The Military Balance, 1962-3," published in Alastair Buchan, *NATO in the 1960's* (New York: Praeger, 1963), p. 155. The names of the bombers are U.S. Code names and are not of Soviet origin or use.
76. Cited in Logan Maclean, "RCAF Takes Orders from U.S. General," *Saturday Night*, LXXII (September 14, 1957), 36. U.S. planners in 1967 listed only 50 centers as warranting anti-missile defences.
77. **Peter Whitehouse, "What Nuclear Bombs Would Do To Canada," Saturday Night, LXXIV (September 26, 1959), 9-11. It is widely reported that the B-58's of the U.S. Strategic Air Command each carry two 24 megaton bombs. There is no reason to believe that the bombs carried by the Soviet bombers are significantly' smaller. They have detonated nuclear explosions estimated by U.S. scientists to be between 50 and 100 megatons. (A megaton is 1 million tons of TNT. The bombs dropped on Hiroshima and Nagasaki were "baby bombs," about 20 kilotons or the equivalent of 20,000 tons of TNT.)**
78. *Ibid.*, 10.
79. Ralph Campney, *Canada's Defence Programme, 1955-56* (Ottawa: The Queen's Printer, 1955), p. 4.
80. Gerald McDuff, "5,000,000 Canadian Dead in Nuclear War, Cadieux Says," *Toronto Daily Star*, November 14, 1969, p. 22.
81. Huntington, *op. cit.*, p. 332.
82. Richard H. Blythe, Jr., "The Design of Active Air Defence Systems," *Air Force College Journal*, II (1957), 59. The author was, at the time, Chief of the Systems Analysis Division, Directorate of Operations Analysis, NORAD Headquarters, Colorado Springs.
83. "U.S. Incapable of Stopping Soviet A-Retaliations," *The Globe & Mail* (Toronto), July 19, 1968, p. 1.
84. Major General W. H. S. Macklin, "The Costly Folly of our Defence Policy," *Maclean's*, LXIX (February 18, 1956), 20.
85. **General Macklin argued that "the whole concept underlying NORAD was insupportable in logic. It was based on two hypotheses, both false. The first was that the nuclear deterrent needed a military defence. And the second was that we could have such a defence if only enough money was spent on it." At the time, the deterrent consisted "of over 2000 bombers scattered on over 70 bases on four continents. The idea that all of this could be knocked out simultaneously in half an hour was sheer nonsense." "A Defence Policy for Canada," Saturday Night, LXXVIII (August, 1963), 26.**
86. **Lt. General Guy G. Simonds, "We're Wasting Millions on an Obsolete Air Force," Maclean's, LXIX (August 4, 1956), 14. He also argues here that they should be concerned with coping with the missile.**
87. Major General W. H. S. Macklin, "Do We Still Need the Militia?", *Saturday Night*, LXXI (June 9, 1956), 8.
88. Roger Hilsman, "Strategic Doctrines for Nuclear War," in William W. Kaufmann, ed., *Military Policy and National Security* (Princeton: Princeton University Press, 1956), p. 52.
89. John Gellner and James Ivor Jackson, "Modern Weapons and the Small Powers," *International Journal*, XIII, No. 2 (Spring, 1958), 91. Yet the authors reject the "Big War" policy and the possibility of defence against a bomber attack.
90. Minifie, *op. cit.*, p. 98. (Emphasis added.)
91. Stanley, *op. cit.*, p. 414.

# **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

## **Chapter 6: The rationale for defence integration**

*(All emphasis by the Web Ed)*

*The defence integration between Canada and the United States has reached unprecedented proportions in the postwar period. No two countries, both claiming to be sovereign and independent, have ever been so closely linked. This has been paralleled by the integration of the Canadian economy into that of the United States, and American domination of the daily press, publications and radio and television. Why has this happened? How has this been defended by those who have controlled our government during this period? It is useful to take a look at the assumptions upon which the policy of defence integration rests. The elite groups in Canada, both political and economic, accept these arguments without challenge. Are they valid or are they merely a public-relations rationale? Do they represent the views of a majority of Canadians, or just the dominant elites? The recurring arguments are discussed below, illustrated by selected examples.*

**Once it is assumed that Canada is protected against Soviet attack by the United States, then it is argued that Canada must do nothing that would "weaken" the military position of the United States (...) especially the defence of the American nuclear deterrent (...) Because of this, Canadians must be sure that an undue concern for Canadian independence does not weaken the credibility and invulnerability of the American deterrent upon which our peace and freedom may well depend.(9)**

Such a position leads to the logical conclusion that Canada should do almost anything requested by the United States, if it is the feeling of that country that it would aid in Western defence, and in particular continental defence. If the United States says that Canadian possession of nuclear weapons will help protect the U.S. strategic deterrent, then it is only right that Canada should accept them. Canada's military contribution to NORAD might be "preventing a key sector from becoming relatively weaker to the point where it would assist an enemy in his choice of objectives for attack."<sup>10</sup> And to abandon all nuclear weapons except those of the strategic deterrent of the United States would "run the risks of inviting military attack."<sup>11</sup> As long as Canada is protected by the Strategic Air Command, it is argued, then we have a moral obligation to help protect that system.

**Professor C. B. Macpherson has argued that this position is false on several counts. First, it assumes that the Soviet Union is going to use everything in her power, including nuclear war, to spread communism. Professor Macpherson believes it is equally valid to assume that the Soviet Union feels that the United States is going to do everything within her power to reduce the communist position in the world, including the use of nuclear weapons; therefore, that country has created a nuclear force to deter an American attack.<sup>12</sup>**

Indeed, there is a great deal of evidence to support the argument that the military forces of the Soviet

Union have always been of a defensive nature. One writer at the quasi-official Stanford Research Institute claims that "the evidence would seem to support the view that the Soviet Union is strongly defensive in a military sense although its overall strategy may be characterized as offensive in a political sense."<sup>13</sup> **The record of the Soviet Union's policy "also confirms this defensive orientation."**<sup>14</sup> He notes, for example, that in Europe the Soviet air forces stress air defence, which is in contrast to the NATO air forces which place greater emphasis on "interdiction with fighter-bombers."<sup>15</sup>

**The same can be said for the Soviet Union's strategic weapons systems. They have stressed large warheads, which result in less accuracy in their ICBMs. This would indicate a strategy of deterrence: a second-strike against urban and industrial centers. On the other hand, the Minuteman ICBM programme of the United States stresses small one-megaton warheads and accuracy, which would seem to indicate a missile designed for a counter-forces or first-strike policy.**<sup>16</sup>

**Professor Macpherson also argues that even if one accepts all the American assumptions of the Cold War, it is not true that it follows that it is advantageous to Canada to continually try to "improve" the protection of the U.S. strategic deterrent.** He argues that finite deterrence is enough, what the U.S. Defense Department calls an "assured destruction capability." If Canada and the United States make the *defence* system too effective, then this would increase the pressures of a first strike: first, from the hawks in the United States who have repeatedly advocated a policy of military destruction of the Soviet Union, or second, the political and military leaders of the USSR who might get nervous enough to feel that a preventive attack on the United States might leave them in a better position.<sup>17</sup>

**Finally, is it really true to argue that Canadians have a "feeling of security" under the present balance of terror? Wouldn't Canadians feel more secure if neither the Soviet Union nor the United States had nuclear weapons? Is the deterrent really protecting Canada? Would the Soviet Union invade Canada, if the United States did not have the Strategic Air Command?**

**I would argue that Canada is threatened (and thus insecure) by the fact of the nuclear balance of power. Canadians are not made to feel secure by the possibility that the mutual deterrent might break down. We are not made to feel secure by the fact that it is NORAD policy to shoot down as many Soviet bombers as possible over Canada. We are not made to feel secure by the fact that the new Anti-Ballistic Missile system is designed to intercept missiles over Canada. Deterrence provides no real safety for Canada. Therefore, Canadians may question the whole policy. Is it in the best interest of Canada for our government to continue to stress deterrence and Canada's participation in a close military alliance with the United States? Would it not be better for Canada if our government had taken the lead in promoting a political settlement between the two super powers, and a reduction of strategic nuclear weapons? Would we have been any less secure than we are today?**

#### **("") Canadian and American Interests Are Identical ("")**

**The reason the Canadian political leaders have chosen to accept the American interpretation of the Cold War is that they believe that Canada's interests are basically the same as those of the United States. They have been a little more reluctant to proclaim this publicly during the intensification of the Vietnam War, but nevertheless it remains the basic assumption of Canada's foreign policy.** Edgar

W. McInnis, one of Canada's foremost historians, writes that "Canadian interests must be virtually identical with American interests as the United States conceives them."<sup>18</sup> Canada also recognizes that "the exercises of sovereignty must be adjusted to the realities of a power world," and "has the good sense not to risk hampering the maximum closeness of co-operation by actions that would create unnecessary friction without serving any indispensable national interest."<sup>19</sup>

John W. Holmes, Director General of the Canadian Institute of International Affairs, feels that relations would be better with the United States if that country recognized that Canada "has no possibility and no intention of remaining neutral if the United States is involved in a major war," and that "if the United States were involved in even limited military operations, against North Vietnam or Cuba for example, in which Canadian participation would neither be required nor forthcoming, the Canadian position would be at least that of a 'friendly non-belligerent'.<sup>20</sup> At the Banff Conference on World Affairs, he went one step further: "Knowing on which side of the Cold War our own interests lie, we are not disposed to press our independence farther than would be allowed. We can tell our neighbour when we think he is wrong, but we know that in the end we will, in our own interests, side with our neighbour right or wrong."<sup>21</sup>

**This position has not been accepted by all Canadians, but those who have voiced opposition have been subjected to repeated attack by the political and economic leaders in Canada. Those on the left have been branded as "Communists," "dupes" or "fellow travelers." Others, like Howard Green when he was Minister of External Affairs in the Diefenbaker Government, are denounced for being "pro-British" and for "living in the past." Others, like Walter Gordon, Minister of Finance in the Pearson Government, have been denounced as "narrow nationalists." In Canada, the term "internationalism" seems to be equated with developing closer relations with the United States.<sup>22</sup> It is nearly impossible for opponents of the established policy to get across their position that internationalism means universalism, not integration with a super power.**

**The Gallup polls in recent years have shown that a great number of Canadians are concerned about the extent of economic integration of Canada into the United States, and American domination of Canada in general. Many have strongly opposed the Vietnam War and Canada's complicity in it. What this reveals is that it is doubtful if there is anything like a national interest of Canada, reflected in government policy. There are different interest groups and classes in Canada, and they have significantly different views on what is Canada's "national interest." It is not always certain that the policies set by the government in Ottawa represent a majority opinion, not to mention a consensus.**

### **Quiet diplomacy**

The foreign policy that Canada has followed since the rise of the Cold War has become known as "quiet diplomacy." The basic theory is that Canada has a special influence in Washington which can be exploited only if Canada has the good sense not to publicly criticize the United States. Those who oppose this policy argue that it is just a rationalization for blind commitment to U.S. policy. Others argue that Canadian officials are afraid to dissent from U.S. policy for fear of retaliation by the U.S. government. In any case, the theory has wide support within the government and by those who have been described as "continentalists."

General Charles Foulkes writes that the close cooperation between the two countries "puts Canada in a preferential position because, as we are full partners in the defence of North America, we have to be consulted every time the U.S. contemplates using force anywhere in the world."<sup>23</sup> John W. Holmes, who spent considerable time in the Department of External Affairs, argues that "Canadians are normally kept informed in advance of the trends of United States thinking on almost all international problems." If Canada became non-aligned, "it would mean the end of the present relation of confidence with a major power, and we would be denied the opportunity to participate in the formulation of United States policy."<sup>24</sup> Another consistent advocate of the view is Peyton V. Lyon: "The soundest Canadian policy is to seek to influence world affairs primarily (but not exclusively) through the exploitation of our standing in Washington and in NATO."<sup>25</sup> While he concedes that Canada's influence in NORAD has not approached an equal voice, he concludes that "what can scarcely be questioned is that Canada has gained more influence over western defence and foreign policies by being inside NORAD and NATO than if she remained on the outside."<sup>26</sup> Quiet diplomacy, as has already been noted, extends to Canadian participation in NATO. It is widely believed that Canada has an influential voice in NATO because we have the confidence of the great power. But as the supporters of quiet diplomacy all argue, "if Canada is to be influential within the NATO club, the first requirement is that we pay our dues."<sup>27</sup> This means that Canada must make a substantial military commitment to NATO, and we must agree to go along with majority policy positions.

In return for this special influence, Canada agrees to respect the leadership role of the United States in defending the "free world." "Canada, and the other allies must, therefore, be reluctant to weaken the American-position by adopting variant policies or by criticizing American policy shrilly whether they are entirely satisfied with it or not."<sup>28</sup> Because this policy has dominated Canadian foreign policy since World War II, and because it seemed to be supported by the great majority of members and all parties in the House of Commons, the government and its supporters were surprised by the hostile public (and press) reaction to some of the conclusions of the Heeney-Merchant Report of June 28, 1965.<sup>29</sup> The criticism centered on paragraph 80 which stated that "it is important and reasonable that Canadian authorities should have careful regard for the United States Government's position in this world context and, in the absence of special Canadian interests or obligations, avoid so far as possible, public disagreement especially upon critical issues." The report went on to say (paragraph 81) that divergent views "should be expressed and if possible resolved in private, through diplomatic channels." The two authors concluded that there were "large opportunities for mutual advantage in the extension of the partnership" of the two countries, noting that "mutual involvement and interdependence grow daily more evident"; the authors were "satisfied that the process can be as mutually rewarding as it is inevitable" (paragraph 86).

**Undoubtedly the public reaction was heightened by the fact that the report (*the Heeney-Merchant Report of June 28, 1965, "Canada and the United States: Principles for Partnership"* written by former Canadian and US ambassadors respectively -- see Note 29) was released at a time when public opinion in Canada was increasing in its opposition to President Johnson's policy of bombing North Vietnam.** Later, Arnold Heeney defended the report in an address to the Banff Conference on World Development in August, 1965. He told a skeptical audience that he did not expect Canadians to be satisfied with quiet diplomacy "unless they are convinced by experience that they are being listened to and that their arguments are being weighed." He concluded that while he would not claim that quiet diplomacy was always effective, he would claim that "on balance and over the years, it has been more effective than the method of

opposing the United States in public.<sup>30</sup> This fundamental policy has been continued by both the Pearson and the Trudeau Governments.

**The belief that Canada has a special influence on U.S. policy may well be the greatest of all Canadian myths. We will have to wait until the archives are opened and the historians make their judgments. Yet common sense simply makes one skeptical. The United States, it appears, makes her own policy decisions, according to her national interest as her leaders see it. It does not appear that she regularly consults in advance with her more important allies: Great Britain, France and West Germany. Does it seem likely that she consults with Canada? It may be true that on smaller matters, such as pollution of the Great Lakes, she consults with Canadian officials. There is also evidence that she is willing to give exceptions to some policies as requested by Canadian officials, especially in matters of economic policy. But the effect of these exceptions has been to tighten her influence over Canada.**

Is it true that Canada is likely to have more influence on major U.S. policy decision by quietly presenting them in private? It is doubtful. Obviously, the President would prefer to have dissent expressed privately. In the American system of government, with separation of powers, opposition to Administration policy is usually centered in the Congress. In many cases, publicly expressed dissent might be "counter productive," merely arousing hostile reaction in the United States in general. However, if a Canadian position has strong support in Congress, it might tend to increase the possibility of a policy reversal by the Administration. America takes Canada for granted, for Canada is considered her most reliable ally. This may be because Canadian leaders so rarely speak out. Americans may not care if France disagrees with U.S. policy, but they take note when Canada dissents.

**Two major examples might be noted: the sale of Canadian wheat to China and the continuation of Canadian diplomatic and trade relations with the Castro Government in Cuba. Both Canadian policies were strongly opposed by the Kennedy Administration, but in the long run, I believe they have contributed to the development of more moderate positions among influential elites in the United States, particularly in Congress.<sup>31</sup>**

**It should also be obvious that during the period of the Cold War the countries that have shown independence from the Great Powers also received the most attention. The fact that Canadian officials rarely dissented from the U.S. policy position created a rather placid inattentiveness in Washington. For example, down to 1965 the State Department included Canada in the Office of British Commonwealth and Northern European Affairs, where eight middle-ranking Foreign Service officers handled all the problems from Great Britain, Ireland, Canada, the Caribbean Dependencies, Sweden, Finland, Iceland, Norway and Denmark. Canada received no greater attention (in terms of staff) than the British Caribbean Islands.<sup>32</sup> Trinidad and Jamaica had their own desk officer! Contrast that to the size of the office dealing with Cuba; in fact, the State Department gave more attention to Mexico than Canada, for that country was taking a more independent line in foreign policy.**

In spite of all this, it seems to me that quiet diplomacy is basically designed to reflect the fact that Canadian political leaders and officials in Ottawa rarely disagree with American policy. Here I am inclined to support Peyton Lyon who writes that "anti-American critics assume, incorrectly as it happens, that the

government can only be expressing its true beliefs when it is damning Washington.<sup>33</sup> **Many Canadians felt that the silence of Ottawa on the American War in Vietnam was due to their fear of retaliation, and that in private they disagreed with U.S. policy.** Professor Lyon concludes that "there is little basis for this assumption," and that he would be "astonished . . . to learn that they considered the Americans censurable on moral grounds . . ."<sup>34</sup> The evidence seems to support the view that our officials in Ottawa share the same attitudes on foreign policy that are expressed by the leaders of the U.S. government (...)

### **Consultation**

The ultimate justification for participation in the continental defence system is the argument that Canada is consulted in advance of all decisions in this area. It is also argued, as in the case of NATO, that Canada has a significant influence on American policy. This view, of course, is consistently supported by officials in Ottawa and by the Liberal Party, which usually forms the Government of Canada. But this view is not confined to that party.<sup>44</sup> There are many in the Progressive Conservative Party who hold this view, particularly that large group which opposed the foreign policy direction of Howard Green. Even in the New Democratic Party, there are individuals who support this argument. Andrew Brewin, who has been the spokesman for the party on defence matters in the House of Commons, is one of those.

The idea that close integration of continental defence requires a special role for consultation was reflected in the original agreement establishing NORAD:

("") The two Governments consider that the establishment of integrated air defence arrangements of the nature described increases the importance of the fullest possible consultation between the two Governments on all matters affecting the joint defence of North America, and that defence co-operation between them can be worked out on a mutually satisfactory basis only if such consultation is regularly and consistently undertaken.(") (45)

In January, 1964 Lyndon Johnson and Lester Pearson established a working committee to discuss the basic principles of the special relationship between the United States and Canada.<sup>46</sup> While this report dealt with many matters of mutual concern, there were interesting statements made on consultation in defence problems. The report recognizes that "the nature and extent of the relationship between our two countries is such as to require, in the interests of both, something more than the normal arrangement for the conduct of their affairs with one another" (paragraph 32). They go on to conclude that "the cornerstone of a healthy relationship between our two countries is timely and sufficient consultation in candour and good faith at whatever level or levels of government is appropriate to the nature and importance of the subject" (paragraph 39). Later, they present guidelines for consultation (paragraph 54): (1) The consultation process should begin "sufficiently early to provide reasonable time for each party to consider and give full weight to the views and interests of the other." (2) In the area of continental air defence, "there is obvious advantage in having the consultative process begin at the planning stage so as to facilitate concurrent formulation of policy." (3) When there is a need for speed or secrecy, "the process of consultation must be telescoped." (4) Consultation should provide for "continuous exchanges of views between the appropriate authorities of the two governments over the whole range of looming problems, including mutual exposure to any relevant contingency planning." (5) "Consultation should be initiated whenever one of the two governments is in the process of formulating important policies or planning actions which would have an appreciable impact on the other." (6) Existing mechanism for consultation should be used. (7) During

consultation, "quiet diplomacy" should prevail. "It should be regarded as incumbent on both parties during this time-consuming process to avoid, as far as possible, adoption of public positions which can contribute unnecessarily to public division and differences." (8) Each government has an obligation to see that its intragovernmental procedures facilitate consultation.

Under the circumstances that exist between the two countries, it is obvious that the concept of consultation referred to as "being informed" is inadequate. What is required is full consultation, in the best sense of the term. Before making a judgment on the traditional arguments in defence of continental integration, it will be useful to look at a few key problems that have occurred between the two countries in recent years and to assess the role of consultation and special partnership.

#### FOOTNOTES

1. "Continentalism" is a term commonly used today in Canada to refer to those who generally support the growing integration of Canada into the United States, both in the areas of defence and economy. These people usually see Canada and the United States as having identical interests. They see no reason to make any special effort to try to reverse this trend.
2. C. Norman Senior, "Some Political and Economic Aspects of the Unequal Partnership between Canada and the U.S. in Matters of Defence," *Western Political Quarterly*, XIII (September, 1960), Supplement, 72.
3. R. J. Sutherland, "Canada's Long Term Strategic Situation," *International Journal*, XVII (Summer, 1962), 209.
4. See Irving Louis Horowitz, ed., *The Rise and Fall of Project Camelot* (Cambridge, Mass.: Massachusetts Institute of Technology, 1967), p. 16. For a position supporting the right of Canadian social scientists to participate in the Quebec project, see the editorial by John Gellner, "Project Camelot," *Commentator*, X (April, 1966), 3.
5. James Eayrs, *Northern Approaches* (Toronto: Macmillan, 1961), p. 36.
6. James Eayrs, "Sharing a Continent: The Hard Issues," in John Sloan Dickey, ed., *The United States and Canada* (Englewood Cliffs, N.J.: Prentice Hall, 1964), p. 62.
7. John W. Holmes, "Is There a Future for Middlepowermanship?" in J. King Gordon, ed., *Canada's Role as a Middle Power* (Toronto: Canadian Institute of International Affairs, 1966), p. 23. Mr. Holmes was formerly Assistant Under-Secretary of State for External Affairs and is now Director General of the Canadian Institute of International Affairs.
8. Peyton V. Lyon, *The Policy Question* (Toronto: McClelland and Stewart, 1963), p. 48. From 1953 to 1959 Professor Lyon was a diplomat in the Department of External Affairs; he now teaches political science at Carleton University.
9. *Ibid.*, p. 50.
10. Alastair M. Taylor, *Both Swords and Plowshares* (Toronto: Canadian Institute of International Affairs, 1963), pp. 10-11.
11. Eayrs, *Northern Approaches*, p. 37.
12. C. B. Macpherson, "Nuclear Arms for Canada: A Strong Case Examined," *Our Generation*, II, No. 1 (Fall, 1962) 9.
13. Carl H. Amme, Jr., *NATO Without France: A Strategic Appraisal* (Stanford: The Hoover Institution on War, Revolution and Peace, 1967), pp. 46-47.
14. *Ibid.*, p. 54.
15. *Ibid.*, p. 90.
16. For a discussion of this see Albert Legault, *Deterrence and the Atlantic Alliance* (Toronto: Canadian Institute of International Affairs, 1966), pp. 57-61.
17. Macpherson, *op. cit.*, p. 10.
18. Edgar McInnis, "Neighbour to a Giant," in H. M. Clark, ed., *Canadian Issues: Essays in Honour of Henry F. Angus* (Toronto: University of Toronto Press, 1959), p. 101.
19. *Ibid.*, p. 104.
20. John W. Holmes, "The Relationship in Alliance and in World Affairs," in Dickey, *op. cit.*, p. 128.
21. Holmes, "Is there a Future for Middlepowermanship?" *op. cit.*, p. 23.

22. For example, the editor of the *Canadian Forum*, Professor Frank Underhill, denounced the CCF members who were advocating a non-aligned position for Canada, and linked them with "the extremists among the French-Canadian 'nationalists'—the Laurentians of the 1930's and their friends—and the Labour Progressive Party with their fellow travelers." He felt that there was a big difference between the old loyalty to Great Britain and loyalty to the United States: "A Canadian can tell an American to go to hell without being accused by the Toronto newspapers of disloyalty to the United States. And there is no likelihood of this happy state of affairs changing. The American people have shown no genius for being a 'mother-country'." Frank Underhill, "Canadian Socialism and World Affairs," *Canadian Forum*, XXX (October, 1950), 150-151. However, this quickly changed. By the middle of the 1950s anyone who criticized the United States was automatically attacked for being "anti-American."
23. General Charles Foulkes, "Canadian Defence Policy in a Nuclear Age," *Behind the Headlines*, XXI, No. 1 (May, 1961), 12. General Foulkes retired in 1960 as Chairman of the Canadian Chiefs-of-Staff Committee.
24. John W. Holmes, "Is Canada's Foreign Policy Made in Washington?" *Canadian Business*, XXXIV (July, 1961), 55, 56.
25. Lyon, *op. cit.*, p. 60.
26. *Ibid.*, p. 29.
27. *Ibid.*, p. 79. Also see his article, "Quiet Diplomacy Revisited," in Stephen Clarkson, ed., *An Independent Foreign Policy for Canada?* (Toronto: McClelland & Stewart, 1968), pp. 29-41.
28. Holmes, "The Relationship in Alliance and in World Affairs," *op. cit.*, pp. 101-102.
29. A. D. P. Heeney and Livingston T. Merchant, *Canada and the United States: Principles for Partnership* (Ottawa: The Queen's Printer, June 28, 1965). Mr. Heeney was formerly Canadian Ambassador to the United States and Mr. Merchant was formerly U.S. Ambassador to Canada. It is popularly referred to as the "Heeney-Merchant Report."
30. A. D. P. Heeney, "Dealing with Uncle Sam," in Gordon, *op. cit.*, p. 98.
31. Although these two cases are often cited by Liberals (particularly Paul Martin) as examples of Canada's willingness to dissent from American policy, it should be remembered that these two policies were taken under the Diefenbaker Government. It is questionable whether a Liberal Government would have adopted the same policies.
32. The Johnson Administration changed this by creating a special Office for Canadian Affairs. See John Bird, "Those Hands Across the Border are Twitching Less Nervously," *The Financial Post* (April 23, 1966), 29.
33. Lyon, "Quiet Diplomacy Revisited," *op. cit.*, p. 33.
34. *Ibid.*, pp. 38-39.
35. David Baldwin, "The Myths of the Special Relationship," in Clarkson, *op. cit.*, pp. 9-10; He cites a study by J. David Singer and Melvin Small which creates objective criteria for measuring the international status of nation-states. By their criteria, between the period of 1925 and 1940 Canada rose from 57th to 56th in the world. "International Status Ordering," *World Politics*, XVIII (January, 1966), 236-282.
36. John W. Holmes, "Canada and the United States in World Politics," *Foreign Affairs*, XL (October, 1961), 110.
37. Taylor, *op. cit.*, p. 64.
38. John W. Holmes, "Canada in Search of Its Role," *Foreign Affairs*, XLI (July, 1963), 663.
39. Holmes, "Is there a Future for Middlepowermanship," *op. cit.*, p. 26.
40. Eayrs, *Northern Approaches*, p. 175.
41. Holmes, "The Relationship in Alliance and in World Affairs," *op. cit.*, p. 106.
42. John Gellner, "Canada in the European Press," *Saturday Night*, LXXVII (April 14, 1962), 11.
43. It might be argued that the members of the "Atlantic Community" from Southern Europe—Portugal, Spain, Greece and Turkey—may be exceptions. However, their governments clearly identify with the NATO cause.
44. For example, see Andrew Brewin, "Canadian Foreign Policy: The Need for Maturity," *Canadian Forum*, XL (February, 1961), 245-247; and *Stand on Guard: the Search for a Canadian Defence Policy* (Toronto: McClelland & Stewart, 1965), pp. 125, 127.
45. "Agreement between Canada and the United States of America," May 12, 1958, *Canada Treaty Series*, No. 9 (1958), 4.
46. *Heeney-Merchant Report*, see footnote 29.

# **Partner to Behemoth**

## The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

### **Chapter 7:**

#### **Canada and the Cuban missile crisis**

*(All emphasis by the Web Ed)*

By 1958 the Canadian forces assigned to the defence of North America had been completely integrated into a system controlled and dominated by the U.S. political and military machine. Furthermore, the North American defence system was not designed to provide Canada with any special defence but was to protect the U.S. deterrent. In case the deterrent failed, the "defence" system was to maximize the destruction of nuclear weapons over Canada. The Canadian governments, both Liberal and Conservative, agreed that any attack on the United States would be an attack on Canada as well: geographic factors, it was argued, made this inevitable. Canada could not opt out of such a war, and our leaders felt that in any case the Canadian public would not wish to be neutral.

While no country has had any influence or control over the U.S. strategic deterrent, in theory Canada has sovereign equality with the United States in the military partnership which culminated in NORAD. Under the terms of the NORAD agreement, the United States cannot take action in this area without the approval of the Canadian government. It remained to be seen whether in *practice* Canada retained its sovereign rights in this area.

**It was not long before the North American defence system faced several key tests. The first to arise was the question of nuclear weapons for Canadian military forces.** In the winter of 1958-59 John Diefenbaker was forced to make several important decisions. However, this question was not finally resolved until after the federal election in 1963. **The first crucial test of the integrated defence system came with the Cuban missile crisis in October, 1962.**

#### **The Crisis Develops in the United States**

Cuba has been a thorn in the side of the United States since Fidel Castro and his band of revolutionaries seized power. (...) President Kennedy announced his decision Monday evening on nationwide television. The US was to set up a naval blockade (for political reasons labeled "quarantine") off Cuba to prevent further Soviet shipments of missiles. In the meantime, the Soviet Union was to remove those already on Cuban soil. In order to soften the effect of the decision, and the fact that there had been no consultation, President Kennedy had decided to send special envoys to deliver his written letter of explanation to the closest of the U.S. allies: Dean Acheson was to deliver the letter to President de Gaulle; Walter Dowling was to give the letter to Chancellor Adenauer; and Livingston Merchant was asked to go to Ottawa. No letter was dispatched personally to Great Britain, for they had already been informed of the decision. About forty other heads of state received the same letter through regular diplomatic channels.<sup>12</sup>

## **Canada's First Reaction to the Crisis**

**This was the state of the crisis when Livingston Merchant informed John Diefenbaker, Howard Green and Douglas Harkness. After the President's nationwide address, Lester Pearson called the Prime Minister and suggested that he convene an evening session of Parliament, and this was agreed.<sup>13</sup>**

The Prime Minister's speech in the House of Commons that evening reflected the state of shock and concern that was generally expressed around the world. He asked "Canadians as well as free men everywhere in the world not to panic. This is a time for calmness," he said. "It is a time for the banishment of those things that sometimes separate us. Above all, it is a time when each of us must endeavour to do his part to assure the preservation of peace not only in this hemisphere but everywhere in the world." He described the missiles as "offensive," and asked that the United Nations take charge. (...) He predicted that "what people all over the world want tonight and will want is a full and complete understanding of what is taking place in Cuba." He therefore suggested that a group of non-aligned nations, perhaps the eight on the U.N. Disarmament Committee, make an on-site inspection to ascertain the facts. He concluded that "our duty, as I see it, is not to fan the flames of fear but to do our part to bring about relief from the tensions, the great tensions, of the hour."<sup>14</sup>

The Leader of the Opposition, Lester Pearson, generally supported Mr. Diefenbaker's statement. He was pleased to see the issue going before the United Nations and the Organization of American States. "I think it is important, as the Prime Minister has indicated, that these international organizations should be used for the purpose of verifying what is going on. If that can be done, it will be a source of reassurance to all people in the world as to the seriousness of the situation and the necessity of doing something about it."<sup>15</sup> Robert Thompson, leader of the Social Credit Party supported the principle of bringing the issue to the UN and OAS, but reminded the members that Canada has "a moral obligation, not only to our own people, but also to our neighbours and friends in this ideological struggle that encompasses the world today, and it is our obligation to make our own stand on these matters clearly understood."<sup>16</sup> Speaking for the New Democratic Party, Bert Herridge asked "*if the Canadian government was consulted or informed before this momentous statement was made and this policy laid down.*" The New Democrats were pleased that the issue was to be taken to the United Nations, and that the OAS was to be consulted, and Mr. Herridge urged the Secretary of State for External Affairs to "utilize to the very limit our friendship for and our association with many nations of the world to the end that the cause of peace will be well served by Canada in the very serious and fateful days ahead."<sup>17</sup> Mr. T. C. Douglas, the leader of the New Democrats who had just been elected that day in a by-election, stated in Vancouver that we "should remember that for fifteen years the Western powers have been ringing the Soviet Union with missile and air bases," and that "we have only the statements of the Americans."<sup>18</sup> This sentiment was soon to be echoed around the world.

The following afternoon, the Prime Minister explained to the House of Commons that his suggestion for a non-aligned on-sight inspection was not meant to question the veracity of U.S. statements. (...) It was a proposal to clear up any doubts (and there certainly were doubts being expressed). It seemed likely to Mr. Diefenbaker that the Soviet Union would either veto any action by the Security Council, or would deny that the missiles existed. The suggestion was "not intended to compete with any proposal of the United States that might be placed before the General Assembly, but rather to supplement it

by providing a way in which the United Nations could begin the heavy task of exercising its primary responsibility in respect of the maintenance of international peace and security.<sup>119</sup> As it was later learned, the United States had merely taken the question to the United Nations to seize the initiative from the Soviet Union, and had no intentions of allowing that organization to interfere in U.S. plans for settling the crisis. The taking of the question to the OAS was to get an international body to give sanction to the United States' unilateral policy, and thus to cloak it with some international respectability.<sup>20</sup> In the late afternoon of October 23, the OAS Council voted to support the U.S. blockade to prevent further missile shipments to Cuba.

Questions asked that afternoon by opposition members revealed that Canada had not been consulted in advance of President Kennedy's action, and that Canada had not issued any order to the Canadian defence units assigned to NORAD placing them on a special alert.<sup>21</sup> This action should not be confused with the early warning system, operated by NORAD, which, as always, was in full operation. This decision by the Diefenbaker Government was later to arouse public controversy.

In Canada, the press in general supported President Kennedy's stand, which should not have been a surprise to anyone.<sup>22</sup> The surprising thing probably is that Mr. Diefenbaker's position was supported by the Victoria *Daily Times*, *La Presse* and *L'Action de Quebec*. The *Toronto Daily Star* described the President's action as "hasty and rash."<sup>23</sup> The *Globe and Mail* (Toronto) and the *Montreal Star* regretted that the President had not talked first and acted afterwards, if balked either in the U.N. or the OAS.<sup>24</sup>

(...) It is in a crisis like this that we can see the extent to which the United States is committed to consultation, and the extent to which Canada and the European powers will take part in the decision-making process.

### The Reaction in Canada

In Canada, the opponents of John Diefenbaker and Howard Green saw in the Government's hesitation to respond to U.S. requests during the crisis a chance to embarrass the minority government. It seemed clear (particularly now that the crisis was over, there had been no war, and Premier Khrushchev had backed down) that public opinion strongly supported President Kennedy's action.<sup>71</sup> At the height of the crisis, the United States command at the NORAD headquarters had asked the RCAF to assume a state of readiness.<sup>72</sup> The extent to which they were "not ready" during this time is not publicly known. No nuclear warheads were brought in for the Voodoo interceptor aircraft or Bomarc anti-bomber missiles. In addition, the U.S. government asked permission to ship nuclear warheads to its fighters stationed at U.S. bases at Goose Bay, Labrador, and Stephenville, Newfoundland, as well as to disperse many of its nuclear-armed fighters at other bases in Canada. The Diefenbaker Government refused this second request, and did not agree to the first until October 24. According to Marquis Childs, columnist for The Washington Post, the United States also requested permission to make 640 flights over Canada with B-52 bombers, loaded with nuclear weapons. Eight of the flights were eventually approved.<sup>73</sup> This has not been officially confirmed and seems doubtful. One writer claimed that Mr. Diefenbaker's inaction left "huge areas of the United States naked in the face of potential polar attack—and thus denuded the retaliatory capability of the Strategic Air Command."<sup>74</sup>

John Gellner wrote that this action "hampered U.S. action," and boosted the war risk.<sup>75</sup> Peter Newman refers to it as a "lackadaisical attitude," which contrasted with the attitude of the other allies.<sup>76</sup> He concludes that "John Diefenbaker's state of indecision had passed the point of responsible statesmanship."<sup>77</sup> Another Liberal spokesman later felt that the policy of the British and French in Suez in 1956 "was absolute folly while the American policy on Cuba in 1962 was highly warranted." He described the Diefenbaker Government's position as "limited and parochial concern about American influence over Canadian life. . . ."<sup>78</sup> The United States had taken on the responsibility of world leadership in the struggle against communism, and he concluded that "Canadians recognize the basic importance of that leadership, and I believe that, with the arrival of the late President Kennedy in the White House, were finally willing to accept the American command."<sup>79</sup>

(...)

**This indictment of the action of the Diefenbaker Government raises several points. First, there is the basic question: did this hesitancy expose the United States to a possible devastating nuclear attack and did it make the Strategic Air Command vulnerable? The answer is clearly, no. If the USSR had launched a nuclear attack, it seems logical to assume that the missiles would have been launched first. There was and still is no defence against missiles. Then again, the bombers of the Strategic Air Command, which is in no way under the control of NORAD, were already dispersed and on air alert. SAC missiles were alerted. For the United States, that was all that mattered; the deterrent was protected as well as it could have been. Having additional U.S. interceptors in Canada would only have ensured that if there were a subsequent bomber attack, more nuclear bombers would have been shot down over Canada than over the United States.**

Did the absence of nuclear warheads on the Bomarc anti-bomber missiles at North Bay and the absence of nuclear-tipped Genie missiles for Canada's 66 Voodoo interceptor fighters make certain areas of the United States vulnerable to Soviet attack? As General Macklin points out, there can be no defence against the hydrogen bomb; the only thing that matters is the U.S. deterrent. Furthermore, "the idea that a few score of nuclear warheads and rockets on a few obsolete Bomarcs and Voodoos could increase its effect or credibility is a figment."<sup>82</sup> Thus, while the Diefenbaker Government's policy became an issue in Canada, it was ignored in the United States. The "Executive Committee" of the National Security Council, which formed the core of decision-makers at this time, never considered the matter. There is no reference to this action by Mr. Diefenbaker in the accounts given by Elie Abel, Theodore Sorensen, Arthur Schlesinger, Robert F. Kennedy or Roger Hilsman. Why? It was irrelevant.

The second important question was whether it was the right action to take at the time. In view of the extreme tension at the moment, it seems reasonable to believe that if the Soviet Union had discovered that U.S. aircraft with nuclear missiles were moving into Canada, and that bombers of the Strategic Air Command were to fly over Canada on the traditional "fail-safe" mission, this would have only increased tensions, and might have made the Soviet government act in a desperate manner. Perhaps, at this time of heightened tensions, when an error could have brought about a nuclear war that would have devastated Canada, John Diefenbaker and Howard Green had good reason to distrust the military. After all, we now know that the U.S. military consistently sought a military solution to the crisis, including a full-scale invasion of Cuba.<sup>83</sup> In fact, just such an incident happened

on October 27. An American U-2 plane, flying from Alaska to the North Pole on an "air-sampling mission," strayed out of its way and flew over the Chukot Peninsula, where it was intercepted by Soviet fighters. The next day, Premier Khrushchev wrote President Kennedy: "What is this, a provocation? One of your planes violates our frontier during this anxious time we are both experiencing, when everything has been put into combat readiness. Is it not a fact that an intruding American plane could be easily taken for a nuclear bomber, which might push us to a fateful step?"<sup>84</sup> In the future, many may agree with the conclusion drawn by James M. Minifie: "But was Canada's inaction not in fact the most useful contribution it could have made to the peaceful outcome of the confrontation? . . ." <sup>85</sup>

The third point raises rights of Canada under the NORAD agreement. Does the existing agreement mean that on all decisions, Canada should automatically go along with the United States, regardless of what its leaders may think of its own national interest? The agreement specifies that the two countries should consult in advance, and retains for Canada the veto over all NORAD actions. Howard Green, in opposing compliance with the U.S. demands in the Cabinet the morning of October 23, argued that President Kennedy had not kept his part of the NORAD agreement. These actions, after all, involved the vital interests of Canada, indeed endangered our very existence. He (Howard Green) convinced John Diefenbaker and the Cabinet that "if we go along with the Americans now, we'll be their vassals forever."<sup>86</sup> Professor Kenneth McNaught concluded:

*(")... The experience of the Cuban crisis simply emphasized what should always have been evident, that military alliances such as NORAD and NATO, based upon incredibly complex strategic planning and electronics, makes inevitable our acceptance of all the military decisions of the men in Washington who must control the system. The Canadian debate, therefore, should always have been about membership in the alliance system, not about the spurious business of whose hands would be visibly sullied.")*<sup>87</sup>

The NORAD agreement gave Canada juridical equality, but in the area of international relations this has never been a significant factor. What counts is power, and it is not likely that a great power is going to share decision-making authority with a small ally. John Diefenbaker and Howard Green were faced with a decision that was not a free choice. Due to the integration of the defence system, and the fact that since World War II Canadian elites have chosen to follow the United States as the leader of the "free world" (...)

#### FOOTNOTES (Notes #1 to #45 on file – Web Ed.)

(...) 46. The U.S. Jupiter missiles were installed in Turkey in 1959. Throughout the whole debate, the U.S. government, and its supporters, asserted that Soviet missiles in Cuba were "offensive" and American missiles in Turkey were "defensive."

46. House of Commons Debates (October 25, 1962), 911-913. 47. Ibid., 913-915. 48. Ibid., 915.

49. Ibid., 916-918., 50. Spencer, *op. cit.*, p. 132., 51. Abel, *op. cit.*, p. 155; Hilsman, *op. cit.*, p. 216.

52. Secretary McNamara prepared a confidential estimate of invasion forces needed and the casualties expected. Kennedy, *op. cit.*, pp. 55, 85.

53. Ibid., pp. 155-158; Schlesinger, *op. cit.*, pp. 687-688; Sorensen, *op. cit.*, p. 712; Hilsman, *op. cit.*, pp. 217-219.

54. The text of the long, rambling personal letter has never been released to the public, although it was shown to the Senate Foreign Relations Committee. See summary Abel, *op. cit.*, pp. 158-162. Also, Kennedy, *op. cit.*, pp. 86-91.

55. Abel, *op. cit.*, pp. 79-80; Kennedy, *op. cit.*, p. 50. In early October the Cuban delegate to the United Nations had made such a proposal. This was cited by U Thant in his speech of October 24 to the Security Council. Larson, *op. cit.*, p. 113.
56. Complete text in Larson, *op. cit.*, pp. 155-158.
57. Kennedy, *op. cit.*, p. 94.
58. Abel, *op. cit.*, pp. 169-171; Schlesinger, *op. cit.*, pp. 673, 689; Hilsman, *op. cit.*, pp. 202-203; Kennedy, *op. cit.*, pp. 94-95.
59. Abel, *op. cit.*, pp. 177-178; Schlesinger, *op. cit.*, p. 691; Sorensen, *op. cit.*, pp. 714-715.
60. Abel, *op. cit.*, p. 181; Kennedy, *op. cit.*, p. 109.
61. *Fidel Castro provided some problems for such a solution. First, he refused to permit on-site inspections, so the United States Navy inspected the missiles on the decks of the Soviet ships as they were removed. Second, there was the problem of the 34 IL-28 medium bombers, which he considered to be Cuban property. They were gifts from the Soviet Union, part of a separate aid programme. They were obsolete, and some U.S. advisers were willing to let the matter pass, but not President Kennedy. He considered them to be offensive weapons. Through special emissaries, he told Premier Khrushchev that if they were not promptly removed they would be destroyed, on the ground, by a U.S. air strike. Abel, op. cit., p. 190. Roger Hilsman argues that President Kennedy took the strong stand because of "domestic political reasons." Hilsman, op. cit., p. 225.*
62. Text in Larson, *op. cit.*, pp. 161-165. 63. *Ibid.*, pp. 165-166.
64. Hilsman, *op. cit.*, pp. 176-180. 65. Sorensen, *op. cit.*, p. 688.
66. Hilsman, *op. cit.*, p. 196. 67. Abel, *op. cit.*, p. 171.
68. James L. Richardson, *Germany and the Atlantic Alliance* (Cambridge, Mass.: Harvard University Press, 1966), p. 298. A blockade, like the one in Cuba, was expected in Berlin. Kennedy, *op. cit.*, pp. 35, 70.
69. Kennedy, *op. cit.*, p. 96; Hilsman, *op. cit.*, p. 204.
70. Kennedy, *op. cit.*, p. 99.
71. As reported in a public opinion poll, Spencer, *op. cit.*, p. 134.
72. *Later, one U.S. official, who was not identified, told Clive Baxter: "It wasn't as bad as it looked. This was because the Canadian forces went on to full alert despite their government. But this is a hell of a way to have to operate." Clive Baxter, "NORAD: What Will U.S. Want and What Will Canada Agree to Now," The Financial Post, March 25, 1967, p. 25. Later this was denied by Douglas Harkness. He stated that the Canadian Forces took no action until he instructed them through the Chiefs-of-Staff, John Gellner contended that they took this action without authorization from the Cabinet. "Canada Ready in Cuban Crisis Harkness Says," Toronto Daily Star, May 18, 1969, p. 4.*
73. Cited in Newman, *op. cit.*, p. 340.
74. Warner Troyer, "We Flunked the NORAD Test," - *Commentator*, VI (December, 1962), 6.
75. John Gellner, "NORAD Failure Boosted War Risk," *Canadian Aviation*, XXXV (December, 1962),
76. Newman, *op. cit.*, p. 338.
77. *Ibid.*, p. 333.
78. H. Ian Macdonald, "Canada in Two Hemispheres," *Behind the Headlines*, XXIII, No. 6 (July, 1964), 1.
79. *Ibid.*, 12.
80. John W. Holmes, "The Relationship in Alliance and in World Affairs," in John Sloan Dickey, ed., *The United States and Canada* (Englewood Cliffs, N.J.: Prentice-Hall for the American Assembly, 1964), p. 102. 81. *Ibid.*, p. 128.
82. General W. H. S. Macklin, "Here is a Defence Policy for Canada," *Saturday Night*, Vol. 78 (Aug. 1963), 25-71.
83. *Kennedy, op. cit., p. 48. President Kennedy ordered all nuclear strike missiles defused so that only he could give the order to fire them. He did not trust the military.*
84. Abel, *op. cit.*, pp. 172-173; Schlesinger, *op. cit.*, p. 690; Sorensen, *op. cit.*, p. 713; Hilsman, *op. cit.*, p. 221.
85. James M. Minifie, *Open at the Top: Reflections on U.S. Canada Relations* (Toronto: McClelland & Stewart, 1965), pp. 100-101.
86. Quoted in Newman, *op. cit.*, p. 337.
87. Kenneth McNaught, "Fission with Fraudulent Bait," *Canadian Forum*, XLII (February, 1963), 244-245.

# **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

## **Chapter 8: The debate over nuclear weapons**

*"The first nuclear warheads were secretly delivered to La Macaza, Quebec, on New Year's Eve, December 31, 1963.<sup>63</sup>"*

*(All emphasis by the Web Ed.)*

**The Cuban missile crisis brought to a head the question of whether or not the Canadian Government was going to accept nuclear warheads for weapons-systems that they had already acquired. During World War II, Canada had been a participant in the Manhattan Project, and the nuclear laboratory at Chalk River had been the home of most British research. Canada provided uranium for the development of the first bombs and after World War II produced large quantities for U.S. and British nuclear weapons.<sup>1</sup> The Financial Post estimates that between 1947 and 1962, Canada sold the United States about \$1,370 million worth of uranium.<sup>2</sup> However, in 1946 Canada made a deliberate decision not to build nuclear weapons, and this was coupled with the policy of not acquiring a strategic bomber capacity. Nevertheless, because of the contribution of uranium to other nuclear weapons systems, some have argued that Canada has never been a nuclear virgin. Indeed, it has been suggested that Canada has been a sort of "nuclear dope peddler." In any case, those in Canada who have supported acceptance of nuclear weapons have argued that to refuse them would be hypocrisy, first because Canada has contributed to the existence of these weapons, and secondly because Canada has participated in a military alliance system which relies on nuclear weapons.**

**Canada had a policy of not accepting the use of nuclear weapons for her own armed forces. However, at the NATO Council meeting in December, 1957, Canada agreed to the principle of placing Intermediate Range Ballistic Missiles (IRBMs) in Europe, to be arranged by bilateral agreements with the United States. Only Italy and Turkey actually agreed to participate in this plan, which left control of the weapons under the "two-key" system, with the nuclear warheads in U.S. custody.<sup>3</sup> The 1958 revision of the U.S. Atomic Energy Act permitted sharing of nuclear secrets to countries that had made "substantial progress" in the development of nuclear weapons, but prohibited the U.S. Government from giving nuclear warheads to any ally.<sup>4</sup> One of the most difficult decisions the Diefenbaker Government had to make concerned the Avro Arrow programme, for the previous Government had already made a significant financial contribution to its development. When it was decided that the aircraft was too expensive, and therefore had to be cancelled, pressures were put on Mr. Diefenbaker to provide alternative programmes. (...) One result was the Defence Production Sharing Agreement with the United States in 1959, and the other was the decision to accept the U.S. Bomarc anti-bomber missile in place of the Arrow interceptor. The Bomarc A was a short-range missile, used with a conventional warhead; however, its successor, the Bomarc B, which Canada agreed to purchase, was designed to be used with a nuclear warhead. While some confusion on this missile appeared later, on February 20, 1959, the Prime Minister**

told the House of Commons that the "full potential" of the Bomarc missile and the Lacrosse missile (designed for use by the Canadian army in NATO, but later dropped and replaced by the Honest John) "is achieved only when they are armed with nuclear warheads." (...) Therefore, the Canadian Government was "examining with the United States Government questions connected with the acquisition of nuclear warheads for Bomarc and other defensive weapons for use by the Canadian Forces in Canada, and the storage of warheads in Canada."<sup>5</sup>

Later, on July 4, 1960, Mr. Diefenbaker announced that if Canada were to obtain nuclear weapons, "those weapons would be under Canadian control and would be used in Canada only as the result of a decision by the Canadian Government."<sup>6</sup> Furthermore, the question of storage of nuclear weapons at U.S. bases in Canada had not been settled.<sup>7</sup> This stand was designed to protect Canadian national interests and sovereignty, but it called for a special exemption to American law that Congress would be unwilling to grant, and that the Administration would be unlikely to request. It is widely believed that this new policy position was the result of the increased influence of Howard Green in the Diefenbaker Cabinet.<sup>8</sup>

The 1961 defence procurement agreement with the United States surely implied the acquisition of nuclear weapons. The F-104 Starfighter, which was to be used by the RCAF's First Air Division in Europe, had been designed for a nuclear strike role. This change in the Canadian role had been requested by NATO, and the Diefenbaker Government had agreed. This agreement also included the purchase of 66 F-101B Voodoos for Canadian use in NORAD. While the Voodoo came equipped with the Falcon missile with a conventional warhead, the U.S. Air Force was adding the Genie missile with a nuclear warhead for added "efficiency." It was presumed that Canada would follow suit. Thus, by the time of the Cuban missile crisis in 1962, Canada had invested about \$685 million in five weapons-systems that were intended for use with nuclear weapons, and none had been made available.<sup>9</sup>

Many people found it hard to understand why John Diefenbaker seemed so unwilling to accept nuclear weapons. After all, they pointed out, he appeared to readily agree to the purchase of weapons-systems designed for use with nuclear warheads. Why did he hesitate? Undoubtedly, his nationalist sentiments were strengthened by Howard Green, a supporter of disarmament, who opposed their acquisition. Furthermore, Mr. Green seemed more concerned than others about Canada's sovereignty and the ability of the Canadian government to make decisions with some degree of independence. However, the extent of defence integration already achieved and Canada's deep commitment to the system of Western military alliances meant that in the long run the views of the United States and the NATO military staff were bound to prevail.

The Diefenbaker Government had reason to hope that their dilemma might be solved by the advent of the Kennedy Administration in 1961. It was already apparent that within the Kennedy Administration there was a consensus that it was too dangerous to rely on tactical nuclear weapons in NATO strategy. Once they were used, it was argued, it was likely that there would be an "escalation" which would eventually involve U.S. missiles in North America. In early 1961, U.S. defence spokesmen announced a new policy, that of "flexible response," which called for the build-up of conventional forces and a downgrading of tactical nuclear weapons.<sup>10</sup> Secretary McNamara announced that limited war, in his opinion, excluded the use of any nuclear weapons.<sup>11</sup> This new doctrine was announced to the NATO Council in May, 1962. In addition,

there were the various schemes for combined sharing of nuclear weapons, first proposed in December, 1960 by General Lauris Norstad and then revived by the Kennedy Administration in 1962 as an effort to halt the spread of nuclear weapons to those countries (particularly Germany) which did not already have them.<sup>12</sup>

The Nassau meeting in December, 1962 raised the hopes of the Prime Minister that the necessity of fulfilling the nuclear strike commitment in Europe could be reversed. Under the Nassau agreement, the United States was to give Polaris missiles to Great Britain for use in her submarines, and these were then to be integrated into a NATO multilateral force which was also to include the British Bomber Command. U.S. Polaris missiles, and other tactical forces in Europe.<sup>13</sup> Was this to be limited to merely Great Britain and the United States or was it to be expanded to include the other NATO members, including Canada? The answer was supplied by Robert McNamara, U.S. Secretary of Defense, in commenting on the Nassau agreement:

The President also decided that the United States should invite France, the only other NATO nuclear power, to participate in this multilateral force on terms similar to those offered the United Kingdom. It is also contemplated that other NATO nations will be invited to participate in such a force, although the specific method of participation has not been decided upon.<sup>14</sup>

By February, 1963, the MLF became the centre of U.S. NATO policy. If the Kennedy Administration remained consistent with its new nuclear policy, this could have permitted Canada to revise her own nuclear role. In a speech to the House of Commons on February 26, 1962, (...) **Mr. Diefenbaker announced that Canada would not acquire nuclear weapons as long as the disarmament negotiations were continuing, thus hoping to contribute to the worldwide feeling that there should be no further spread of nuclear weapons.** This policy was reiterated in a speech to the House of Commons on October 17, 1962.

Nevertheless, Mr. Diefenbaker's position did not satisfy those interests in Canada and the United States that wanted to see Canada's forces assigned to NORAD equipped with nuclear warheads. After the Cuban missile crisis, they had argued that the absence of nuclear warheads for the Canadian NORAD forces had "denuded" areas of the United States, leaving them open to bomber attack. Yet this was the age of the Intercontinental Ballistic Missile (ICBM). It only seemed logical to expect the Soviet Union to strike first with their missiles. This was the assumption of the Kennedy Administration. (*Canadian*) Prof. Kenneth McNaught states that "the most important exercises at North Bay are those in which the essential personnel scramble into the underground centre and 'button down,'" waiting for the explosion of the Soviet ICBM on the northern (*command*) centre of NORAD.<sup>15</sup> The Canadian Voodoos were armed with the conventional Falcon missiles; undoubtedly, their effectiveness would have been increased by the use of the nuclear Genie missile, which provides a greater "kill capacity." **But Canada had only 66 aircraft assigned to NORAD. At this time, the U.S. Air Force had about 1545 aircraft assigned, all supposedly armed with Genie nuclear warheads. Would the addition of Genie missiles to the small Canadian force have made much difference?**<sup>16</sup>

Much more attention was given to the Bomarc B missile. Two bases were to be built in Canada, one at North Bay, Ontario, and the other at La Macaza, Quebec, each to have 28 missiles. The North Bay site was completed in February, 1962, but was inoperable because it had no warheads (only nuclear warheads had been constructed for the missile). The Bomarcs are permanently stationed

**above ground, making them extremely vulnerable. They cannot intercept missiles, only bombers.** Even on this point, there were doubts about the Bomarc's performance due to so many early failures. In 1959 General Maxwell Taylor, later U.S. Chief-of-Staff, described the missile as "neither feasible nor economical." In Canada, General Guy Simonds was quoted as saying:

[“] Our poor little Bomarc bases couldn't knock out more than .0001 per cent of an attacking force. They will not defend Canada, they will not defend America, they do not make the slightest bit of difference in the present world balance of power.[“]<sup>17</sup>

It is quite likely that the Bomarc B missile needs nuclear warheads to be at all effective, if we are to judge it by its performance during development.<sup>18</sup> Melvin Conant quotes General Laurence S. Kuter, then U.S. Commander of NORAD, as saying that the nuclear warheads were necessary in order to have a greater "kill-ratio" on bombers: that is, to have a fatal effect in a larger area of space. A conventional high-explosive warhead must be exploded "in close proximity to the attacking aircraft, necessitating a missile of extreme accuracy, whereas a nuclear warhead does not require the same degree of perfection."<sup>19</sup>

**While it is generally admitted that this was the reason for introducing nuclear warheads of this nature in Canada, it was later argued that there was an additional merit—it could "cook" a nuclear bomb, i.e. bring down an incoming bomber without exploding its nuclear bombs. This theory was explained to the House of Commons Special Committee on Defence by representatives of the Defence Research Board. The neutrons from the exploding defensive nuclear missile strike the warhead so that it becomes distorted. Once distorted, "it no longer explodes as a full-scale nuclear weapon."** Thus "cooking" is claimed to deform the bomb "so that it is no longer effective as a full scale nuclear weapon."<sup>20</sup> The DRB admitted that the ability of a defensive nuclear weapon to "cook" such a bomb, based on experiment, was not actually known to them, but that they were told this was so by the U.S. Department of Defence. The details could not be given to Canada because of U.S. law.<sup>21</sup> But who would doubt the credibility of the U.S. Department of Defence?

In this case, a rebuttal was provided by a group of physicists at the University of Alberta. In testimony presented to the Special Committee on Defence, they noted that nuclear fission bombs were exploded by first setting off a jacket of TNT, which forces the plutonium or uranium to collapse on itself and form a critical mass. The scientists pointed out that TNT explodes at a temperature considerably lower than the melting point of either uranium or plutonium. If the TNT melts, and distorts, it will not explode. Thus the bomb will "cook" **only** if the Soviets have not taken the precaution of encasing the TNT in some matter that has a higher melting point than 240 degrees centigrade, the point at which the TNT would explode. Furthermore, the scientists pointed out that it would be a relatively simple matter to devise a "dead man's fuse" that would automatically explode the nuclear bomb when exposed, for example, to a degree of intensity of gamma rays which are released by an atomic explosion, or even to a small plutonium trigger placed outside the bomb's warhead.<sup>22</sup> The reply by the members of the Defence Research Board was enlightening: "We do not believe it [a trigger] is a militarily useful device; . . ."<sup>23</sup> "I do not share Dr. Scott's claim that the enemy has such fuses today";<sup>24</sup> and the gamma ray trigger "is not a practical device to include in a bomb."<sup>25</sup> The committee as a whole seemed to doubt the claims of the Alberta scientists, whose position was based on laws of physics, whereas that of the Defence Research Board was based on tests they were told had been made by the U.S. government. The position of the Alberta physicists was supported in the United States by Dr. Ralph Lapp, the nuclear physicist who served in several capacities with the U.S. government, and Dr. Hans Bethe, at one time chief nuclear adviser to President Kennedy.

**But the Cuban crisis, and the criticism of the Diefenbaker Government's handling of the U.S. requests, had brought on a political crisis.** An early revolt within the Conservative Party (centered mainly on George Hees) failed. The Party Convention, in January, 1963, voted its confidence in Mr. Diefenbaker and defeated a motion calling for the acquisition of nuclear weapons by the end of 1963 if there had been no progress in disarmament.<sup>26</sup> Additional pressure was applied by the United States. It was known that the Kennedy Administration did not like John Diefenbaker, for he had disagreed with U.S. policy in several areas considered crucial to U.S. interests. Canada had continued diplomatic relations and trade in non-strategic goods with Cuba after the U.S. had broken diplomatic relations and announced a trade embargo. Then Canada had helped to provide a crack in the bamboo curtain by selling China wheat, when the United States was trying desperately to maintain the economic embargo proclaimed during the Korean War.<sup>27</sup>

During President Kennedy's visit to Ottawa, in May, 1961, the Prime Minister refused to support U.S. requests for Canada to take a harder line against the communists in Laos and Vietnam, give support to U.S. policy in Latin America, and join the Organization of American States. President Kennedy even requested Canada to support Great Britain's entrance into the European Common Market! At this meeting, a working memorandum on which the President had written, "What do we do with the S.O.B. now?" fell into the hands of the Canadian officials, and this enraged the Prime Minister.<sup>28</sup> Just prior to the 1962 election, President Kennedy had a dinner at the White House for Nobel Prize winners, and at the function the press noted the private discussions between President Kennedy and Lester Pearson. There was no doubt that the United States wanted John Diefenbaker removed from office.<sup>29</sup>

On January 3, 1963, General Lauris Norstad, who had just retired from his position as NATO Supreme Commander, stopped in Ottawa on his way back to the United States. At a press conference, he stated in no uncertain terms that Canada had committed herself to nuclear weapons and was not fulfilling her NATO commitment. Both Pierre Sevigny, the Associate Minister of Defence, and Air Chief Marshall Frank Miller were present, and neither denied the accusation.<sup>30</sup>

The opposition to Mr. Diefenbaker's policy of resisting the acquisition of nuclear weapons crystallized when Lester Pearson changed his stand (and that of the Liberal Party) on the issue. While in opposition, the Liberal Party had generally opposed nuclear weapons for Canada. In a speech to a Liberal rally in Ottawa, on January 13, 1961, Lester Pearson had stated that "... we should not acquire or use nuclear weapons under any kind of national or joint control."<sup>31</sup> Speaking for the Liberal Party on defence matters, Paul Hellyer wrote, in April, 1961, that "Bomarc and SAGE installations ... contribute nothing to the maintenance of peace and would be useless in all-out war." He concluded that our participation in the warning system and identification of aircraft "do not require the use of nuclear weapons by Canadian Forces in Canada." Furthermore, all effort should be made to limit the spread of nuclear weapons, and thus "for Canada to accept nuclear weapons during this period, and for purposes which provide no protection for Canadians, would be to weaken our voice in demand of an international agreement."<sup>32</sup> Even after the Cuban missile crisis, Lester Pearson stated that he had "always maintained that Canadians should not accept nuclear weapons under either national control or jointly with the United States."<sup>33</sup> Four days earlier, he had told the Canadian Campaign for Nuclear Disarmament (CCND) that Canada should renegotiate her

**commitments with NATO to take a non-nuclear role.<sup>34</sup>**

**The reversal of policy by the Liberals must have been chiefly inspired by a desire to regain office.** (...) A trial balloon was sent up by Paul Hellyer in December, 1962, but it was officially described as his own personal view. The Liberals must have been worried about the strong opposition to nuclear weapons in Quebec, traditionally the backbone of Liberal support. However, a poll published on December 27 indicated that 54% of the Canadian people felt that the armed forces ought to have nuclear weapons.<sup>35</sup> Lester Pearson went to New York City soon after the Norstad press conference, in order to settle the question in his mind. He took a number of briefs, the most influential of which was that by Paul Hellyer,<sup>36</sup> and a copy of the Norstad Press Conference. Val Sears wrote in the *Toronto Daily Star* on January 14 that while in New York he "tested Washington opinion with United States Representatives."<sup>37</sup> (...) **On January 12, 1963 he announced his change in policy to a meeting of the York-Scarborough Liberal Association.**<sup>38</sup> This was not a moral question, he argued, because Canada had already given uranium to Great Britain and the United States and was protected by the U.S. strategic deterrent against Soviet invasion or attack. Therefore, it must be a political question, and here Canada had to stand by her previous commitments and accept nuclear warheads for her weapons systems. This was "the only honorable course for any government representing the Canadian people." Peter Stursberg states that he made the declaration in order to get the jump on John Diefenbaker, who the Liberals expected to come out for nuclear weapons at the Conservative Convention in January.<sup>39</sup> Peter Newman says that Mr. Pearson realized that during the Cuban missile crisis Canada should "adopt some kind of meaningful defence policy. . ."<sup>40</sup> Mr. Pearson stated that "it was the Cuban thing, more than anything else, that changed my mind. It was the thought that here we were, a part of continental defence, on the eve of this possible great tragedy, and we were completely impotent, as far as Canada was concerned, impotent."<sup>41</sup> (...) **It is hard to believe that Mr. Pearson believed that the addition of nuclear warheads to the Bomarc missiles and the Voodoos made Canada "potent" with a "meaningful defence policy."** *Mrs. Pearson resigned from the Voice of Women.*<sup>42</sup>

Within the Conservative Party, the stand in support of nuclear weapons taken by the Minister of Defence, Douglas Harkness, continued to split the party. On January 25, the Prime Minister delivered an important speech to the House of Commons outlining his view of Canadian commitments on nuclear weapons. In general, he argued that Canada could afford to wait until NATO policy was completely brought into line with the new American policy of the multilateral force, the down-grading of tactical nuclear weapons, the nuclear test ban, the non-proliferation treaty, and the decision to build up conventional forces in NATO. **On January 30, the U.S. Department of State issued a press release that presented its view of Canadian commitments,**<sup>43</sup> **an attempt to contradict much of what the Prime Minister had just told the House of Commons. All the parties were forced to condemn this interference in Canadian politics. Most of the press, with the exception of the right-wing Liberal newspapers, condemned the affair. The public U.S. statement on the Nassau agreement was primarily due to the adverse reaction in other NATO countries (particularly France) to the announcement of these new NATO policies, when the only ally consulted had been Great Britain. Mr. Diefenbaker was forced to pay for the Kennedy Administration's non-consultation policy towards NATO.**

The final blow came when Douglas Harkness resigned from the Cabinet on February 4. That day Lester

Pearson presented a motion of lack of confidence in the Government, not only on defence policy, but also charging that "this government, because of lack of leadership, the breakdown of unity in the Cabinet, and confusion and indecision in dealing with national and international problems, does not have the confidence of the Canadian people." **When the vote of no confidence was taken on February 5, the Government lost, 142 to 111.** Three Progressive Conservatives, Douglas Harkness, Edmund Morris and Arthur Smith abstained from voting. The Social Credit Party voted with the Liberals. *The New Democratic Party, which during the debates had been most critical of the Liberals, nevertheless voted for the motion, with the exception of Colin Cameron and Bert Herridge, who supported the Government, and Harold Winch, who stayed out of the House (i.e., abstained --ed.) rather than vote with the Liberals and Social Credit.*

*It is difficult to tell how significant the issue of nuclear weapons was in the election. The New Democratic Party tried to make it the central issue.<sup>44</sup>* The Liberals naturally tried to avoid it and instead stressed the need for "dynamic leadership," which they said would be provided by Lester Pearson. The Social Credit Party split on the issue, with Premier Manning of Alberta convincing the Western Branch to line up with the Liberals, while the Quebec wing of the party was strongly against them. Real Caouette said, "It's no. At home, no. Abroad, no."<sup>45</sup> The Conservatives maintained their opposition, and as the campaign went on, Mr. Diefenbaker took a stronger line. The surprising thing was how well the Conservatives actually did, all things considered. **The entire Eastern Establishment was against John Diefenbaker. The President of the Royal Bank sent his employees a letter, urging them to vote Liberal,<sup>46</sup>** a view echoed by other business leaders. Those business interests in the defence area feared the adverse results of the re-election of John Diefenbaker. As *Maclean's* magazine pointed out, 65 firms, employing 30,000 men, had become heavily dependent on the American market<sup>47</sup> Paul Hellyer, in his memorandum to Lester Pearson urging him to reverse the Liberal Party's stand against nuclear weapons, argued that "if we don't fulfill our agreements the Americans are almost certain to reduce or terminate their production-sharing arrangements with us."<sup>48</sup> All but four of the major Canadian dailies supported the Liberals, and such stalwart Tory newspapers as the *Toronto Telegram*, *The Toronto Globe and Mail* and the *Montreal Gazette* supported the Liberals<sup>49</sup>

**Another issue was the extent of U.S. intervention in the campaign.** *Newsweek* magazine, whose editor was close to the Kennedy family, ran a cover story which ridiculed Mr. Diefenbaker.<sup>50</sup> Louis Harris, who was under personal contract with John Kennedy and the Washington Democrats, was lent to the Liberal Party, where he did polling under an assumed name.<sup>51</sup> **The U.S. Ambassador to Canada held a number of "briefing sessions" in the basement of the U.S. Embassy where members of the Canadian press corps were given ammunition to use against the Diefenbaker Government.<sup>52</sup>**

Then, on March 29, the Defense Appropriations Subcommittee of the U.S. House of Representatives issued a report in which Secretary of Defence, Robert McNamara, said that the Bomarc missile was obsolete, but that "if there were any real amount of money to be saved, I would propose taking them out, but for \$20 million a year I think we are getting our money's worth." But worst of all, he stated that "at the very least, they would cause the Soviets to target missiles against them and thereby increase their missile requirement or draw missiles onto these Bomarc targets that would be available for other targets."<sup>53</sup> This was realistic, frank talk, the kind usually coming from Mr. McNamara, but its release was poorly timed. The New Democrats and Progressive Conservatives charged the Liberals with using Canada as a decoy. Mr.

Pearson replied that it was Mr. Diefenbaker who had put them there. John Diefenbaker argued that conventional warheads could be used on the Bomarc, and thus Canada could still use the weapons-system without nuclear warheads. U.S. Air Force officers at NORAD headquarters in Colorado publicly replied that no such warhead existed for the Bomarc B, and it would cost \$30 million and take at least three years to build one.<sup>54</sup> This seemed to be a gross exaggeration, but served the purpose of undermining the Prime Minister's contention.

***The strongest opposition to nuclear weapons was expressed in Quebec.*** The Liberals were worried about support for the Social Credit Party, and appointed Yvon Dupuis to lead their campaign. When Lester Pearson had announced his change on nuclear weapons, every major newspaper in the province attacked him except *L'Action*. ***In the election, La Presse and Le Devoir backed the New Democrats, the only newspapers in Canada to do so.***<sup>55</sup> ***The April issue of Cité Libre contained articles charging Lester Pearson and the Liberal Party with selling Canada for U.S. campaign support.***<sup>56</sup> Pierre Elliott Trudeau wrote that "since I have observed politics, I do not remember ever having seen a more degrading spectacle than all those Liberals who became 'turn-coats' with their Chief, when they saw a chance of regaining power."<sup>57</sup> Gerard Pelletier, editor of *La Presse*, opposed the Liberal change. After the election he wrote that "Sam Lubell, political analyst, naively thought that once in power, a politician still owed a certain respect to logic and decency. He did not know Mr. Pearson; nor did he know us."<sup>58</sup>

It is difficult to say that the election produced any insight into public opinion on defence policy or nuclear weapons. In spite of the fact that the politicians dwelt on this issue, it may not have been important in the minds of most voters. The Liberals received 47% of the vote and were four seats short of a majority in the House of Commons; it was not a landslide as many had predicted. Ramsey Cook concluded that foreign and defence policy were "completely counterbalanced by an obvious desire on the part of most newspapers and many electors to avoid antagonizing the United States for fear of the possible consequences to the Canadian economy."<sup>59</sup> John Diefenbaker was not just running against the Liberal Party; he was also running against President Kennedy, a most popular figure in Canada. Yet he did well among those in the lower economic and social groups, especially farmers; those with university educations, professional and business background voted heavily for the Liberal party.<sup>60</sup> This seems to reflect a class vote rather than a vote on defence policy.

In March, 1963 the Canadian Institute of Public Opinion indicated that in English-speaking Canada a majority (57%) favoured nuclear arms for Canada. Yet outside Quebec, John Diefenbaker won 87 seats to (*against –Ed.*) 82 seats for the Liberal party, although the Liberals retained a slight lead in popular vote, 40% to 37.7%. The same public opinion poll showed that among French-speaking Canadians, a plurality (42.5%) were opposed to nuclear weapons. Yet in Quebec the Liberals won 47 out of 65 seats, and 45% of the popular vote. Here Quebec's disaffection with the Diefenbaker Government's position on constitutional and other issues probably outweighed his stand on defence policy.

***The New Democratic Party, which decided to vote against the Diefenbaker Government on the vote of confidence in the hope of winning seats in an election, was disappointed. However, they had to compete with John Diefenbaker on the nuclear arms issue. While the Canadian Labour Congress, which had affiliated with the NDP in 1961, strongly stood against nuclear weapons for Canada, they could not carry the vote of the rank and file.***<sup>61</sup> ***In sum, then, it is difficult to see in the election results any mandate***

*on nuclear weapons.*

The change in Governments brought nuclear weapons to Canada. Lester Pearson visited President Kennedy at Hyannisport, and on August 16, 1963, an agreement was signed to bring "special ammunition" (as the new Minister of National Defence, Paul Hellyer, called it) into Canada.<sup>6</sup> *2 The first nuclear warheads were secretly delivered to La Macaza, Quebec, on New Year's Eve, December 31, 1963.*<sup>63</sup>

As many commentators have pointed out, relations between the United States and Canada reached a new low in the post-war period under the Diefenbaker Government. Why did this happen? Obviously because in the period of the Cold War Washington was unaccustomed to having a Prime Minister in Canada who would refuse to go along with U.S. policy decisions. This made a big impact on the Kennedy Administration during the visit to Ottawa in 1961.

The issue of nuclear weapons for Canadian forces was not an important one for the United States. The Kennedy Administration could have accommodated the wishes of John Diefenbaker and Howard Green if it had desired, without in any way threatening the U.S. strategic deterrent. Canada's role in the European nuclear strike force was not crucial. If there is such a close partnership between the two countries, resting on mutual respect and close consultation, why was there such a great crisis? Why did the United States, in particular, rely on "press conference diplomacy" instead of "quiet diplomacy?" **The Kennedy Administration did not like an errant ally, particularly a small one in terms of power and influence. It was determined to get its way on the nuclear arms issue and was not going to be swayed by sentimental appeals from John Diefenbaker. One might have hoped that the U.S. government would have tried to understand the sensitive nature of the nuclear arms question in Canada. This was not the case.**

The tragic figure was John Diefenbaker. He did not have the power and influence to reverse the trend in continental integration. But why did he try to reverse a trend so accepted at that time. Perhaps his attitude was due, in part, to the influence of his prairie background—the prairies, which are, outside of Quebec, the most Canadian part of Canada, the part where American influence is the least felt. One cannot watch American television, or take weekend trips across the border and the nearest American cities are hundreds of miles away. But in addition, **John Diefenbaker and Howard Green were sentimentally attached to John A. Macdonald's idea of Canada: a great nation, from sea to sea, independent of the United States. But his vision of Canada was at odds with the political realities in 1963, and at odds with the' strong social and economic trends and attitudes brought about by years of continental integration.**

#### FOOTNOTES

1. *Later, when France tried to buy Canadian uranium, the Pearson Government insisted that it only be used for "peaceful purposes."*
2. When the United States stopped buying Canadian uranium, it caused a major economic depression in Lester Pearson's riding in Northern Ontario. Perhaps this experience made him more fearful of U.S. economic retaliation and strengthened his belief that Canadian prosperity is based on U.S. investment. "Defence Sharing Deal Is Truly Big Business," *The Financial Post*, February 4, 1967, p. 2.
3. Robert E. Osgood, *NATO, the Entangling Alliance'* (Chicago: University of Chicago Press, 1962), pp. 221-222.
4. Melvin Conant, *The Long Polar Watch* (New York: Harper and Brothers for the Council on Foreign Relations, 1962), p. 100.

5. *House of Commons Debates* (February 20, 1959), 1223.
6. *House of Commons Debates* (July 4, 1960), 5654.
7. *Such an agreement was signed with the United States in October, 1963, covering the use of nuclear warheads for U.S. interceptors. Their use was to be covered by NORAD plans. "Nuclear Storage Plans," Canadian Aviation, XXXVI (November, 1963), 37.*
8. With the death of Sidney Smith on March 17, 1959, the portfolio for the Department of External Affairs was held by the Prime Minister until Howard Green was shifted from Public Works on June 4, 1959. Mr. Green had been in charge of the Department of (...)
9. For the American view of this controversy, see Conant, *op. cit.*, pp. 95-110.
10. See speech of John F. Kennedy to the Canadian Parliament, May 17, 1961. Also see William W. Kaufmann, *The McNamara Strategy* (New York: Harper & Row, 1964), pp. 47-55.
11. Cited in Henry A. Kissinger, *Troubled Partnership* (Toronto: McGraw Hill, 1965), p. 102.
12. *Ibid.*, pp. 127-136.
13. *Ibid.*, p. 82.
14. *Testimony before the Committee on Armed Services, House of Representatives, 88th Congress, First Session* (Washington, D.C.: U.S. Government Printing Office, 1963), pp. 296-297; cited in Kaufmann, *op. cit.*, pp. 125-126.
15. Kenneth McNaught, "National Affairs," *Saturday Night*, LXXX, No. 3 (March, 1965), 15.
16. *Ken Lefoli suggested that Canada could shift to conventional warheads for Bomars and Voodoos because the U.S. had announced changes in policy. This could be done unilaterally because "we are no more involved in breaking a 'contract' than the Americans themselves were when they decided to remove Jupiter missiles from Turkey and Italy." "Canada's 1963 War Machine," Maclean's LXXVI (March 9, 1963), 61.*
17. House of Commons, Special Committee on Defence, *Minutes of Proceedings and Evidence*, No. 14 (1963), 451; from the *Toronto Star* of February 20, 1963, quoted by Andrew Brewin. In the testimony, General Simonds stated that while the reporter had taken "some literary liberties," he "would basically agree" with the statement. He added that this view was also shared by Secretary McNamara. Hereafter referred to as *Special Committee on Defence*.
10. *William T. R. Fox and Annette B. Fox write that "neither the Conservative nor the Liberal governments were keenly interested in the deployment of ground-to-air nuclear missiles in Canada, but a large part of the responsibility for the friction between the two countries regarding this issue properly fell on the Americans. Not only were they tactless, but also they pressed on the Canadians the Bomarc weapons which they themselves thought obsolete." NATO and the Range of American Choice* (New York: Columbia University Press, 1967), pp. 136-137.
11. Speech made in Toronto in September, 1961, cited in Melvin Conant, "Canada's Role in Western Defence," *Foreign Affairs*, XL (April, 1962), 439.
12. Dr. G. S. Field, Chief Scientist, Defence Research Board, before the *Special Committee on Defence*, No. 2 (July 2, 1963), 30-31.
13. See the exchange between Gordon Churchill and Dr. J. E. Keyston, Vice Chairman, Defence Research Board, *Special Committee on Defence*, No. 10 (August 1, 1963), 309.
14. See the testimony of Dr. D. B. Scott, Dr. L. E. Trainor and Dr. J. T. Sample, *Special Committee on Defence*, No. 10 (August 1, 1963), 289-314; also their statement prepared at a later date, *Special Committee on Defence*, No. 14 (October 17, 1963, Appendix A), 482-490.
15. Dr. G. S. Field, *Special Committee on Defence*, No. 10 (August 1, 1963), 299.
16. *Ibid.*, 300.
17. Dr. J. E. Keyston, *ibid.*, 311.
18. Peter C. Newman, *Renegade in Power: The Diefenbaker Years* (Toronto: McClelland & Stewart, 1963), p. 359.
19. *Peter Newman refers to these two policies and the refusal to accept nuclear weapons as "Green's obdurate stand." Newman, op. cit., p. 256. John Diefenbaker says President Kennedy told him during the 1961 visit that the United States would not "permit" Canada to sell wheat to China. The President then ordered U.S. subsidiaries in Canada not deliver grain loading equipment. Robert H. Estabrook, "Diefenbaker Retains Hold on Canada's Tories," The Washington Post, January 20, 1967, Sec. A, p. 8.*
20. *Newman, op. cit., pp. 265-266. Ted Sorensen states that this must have been an inaccurate translation of President Kennedy's "OAS" written in his illegible hand. He quotes the President as saying, "I couln't have called him an s.o.b. I didn't know he was one—at that time." Theodore C. Sorensen, Kennedy (New York: Harper and Row, 1965), p. 575. Arthur Schlesinger does not deny the story, and adds that "Kennedy thought the Canadian insincere and did not like or trust him." Arthur M. Schlesinger, A Thousand Days Boston: Houghton Mifflin Co., 1965), p. 288. In a tree-planting ceremony during this visit, the President re-injured his back; one wonders if he identified this persistent back troubles with the Ottawa visit and Mr. Diefenbaker.*
21. In the Department of State, the general attitude is that the Liberal Party "co-operates" with the United States whereas the Conservatives are "pro-British" and more likely to cause problems. At this time Lester Pearson was considered to be "our boy in Ottawa." Everyone in the Department of State who was following Canadian politics was

pulling for the Liberal Party in the 1963 election.

10. Newman, *op. cit.*, pp. 352-354; for complete text and the Canadian reaction, see Robert Spencer, "External Affairs and Defence," in John T. Saywell, ed., *Canadian Annual Review for 1963* (Toronto: University Press, 1964), pp. 293-298.
11. Cited in Joseph T. Thorson, *A Non-Nuclear Role for Canada* (Toronto: Canadian Campaign for Nuclear Disarmament, 1963), p. 6.
12. Paul T. Hellyer, "The Liberal Party and National Defence," *Commentator*, V (April, 1961), 9.
33. Speech of November 14, 1962, cited in Thorson, *op. cit.*, p. 6.
34. Cited by T. C. Douglas, *House of Commons Debates* (January 24, 1963), 3097.
35. Cited by Peter Stursberg, "Postmark Ottawa," *Saturday Night*, LXXVIII (March, 1963), p. 8. Undoubtedly, President Kennedy's success in the Cuban Missile Crisis influenced opinion at this time.
36. A copy appears as Appendix A in Peter C. Newman, *The Distemper of Our Times* (Toronto: McClelland & Stewart, 1968), pp. 473-477.
37. Cited by John Diefenbaker, *House of Commons Debates* (January 25, 1963), 3125. Mr. Pearson subsequently denied this.
38. Text in Lester B. Pearson, *The Four Faces of Peace* (Toronto: McClelland & Stewart, 1964), pp. 240-248.
39. Stursberg, *op. cit.*, 8.
40. Peter C. Newman, "Forget the 'Gut' Issues. Nuclear Arms Will Decide the Next Election," *Maclean's*, LXXVI (February 23, 1963), p. 2.
41. Quoted by Kenneth McNaught, "Boredom with the Bomb in 1964," *Saturday Night*, LXXIX (August, 1964), 16.
42. In a campaign monograph Peyton Lyon wrote that Mr. Diefenbaker's conflicting statements "strengthen the suspicion that his hesitations about nuclear weapons have more to do with domestic politics than concern for the safety of the world." *The Policy Question* (Toronto: McClelland and Stewart, 1963), 103.
43. Spencer, *op. cit.*, pp. 284-286.
44. *One of the intellectual spokesmen for the Liberals argued that T. C. Douglas' "statements on nuclear weapons have been directed at the emotions of his hearers rather than at their common sense." He advised the other opponents of nuclear weapons, the Voice of Women, the Canadian Peace Research Institute and the CCND to keep quiet: "Much as I admire their motives, I cannot agree that in the making of foreign policy 'any activity is better than none'; it is safer to keep quiet than to press half-baked views upon the sort of political leadership we have in this country."* Lyon, *op. cit.*, pp. 122-123.
45. Cited in Ramsey Cook, "Foreign Policy and the Election: an Uncertain Trumpet," *International Journal*, XVIII, No. 3 (Summer, 1963), 376.
46. John T. Saywell, "The Election," in the *Canadian Annual Review for 1963*, *op. cit.*, p. 31.
47. "The Big Stick the Pentagon Holds over Canada's Defence Industry," *Maclean's*, LXXVI (March 23, 1963), 3.
48. Newman, *The Distemper of Our Times*, p. 477.
49. Saywell, *op. cit.*, p. 47.
50. *Ibid.*, p. 19.
51. Newman, *Renegade in Power*, p. 267.
52. Revealed by Charles Lynch in *Ottawa Citizen*, July 14, 1965,  
and cited by John Diefenbaker in *House of Commons Debates* (February 22, 1966), 1600.
53. Minifie, *op. cit.*, pp. 99-100; Newman, *Renegade in Power*, pp. 389-391.
54. Cited in Peter Newman, *Renegade in Power*, pp. 388-389.
55. Harry Bruce, "The Press," *Maclean's*, LXXVI (March 23, 1963), 56.
56. Saywell, *op. cit.*, p. 31.
57. From the April, 1963 edition of *Cité Libre*, cited by John Diefenbaker, *House of Commons Debates* (February 22, 1966), 1601.
58. Editorial in *La Presse*, August 17, 1963, cited by John Diefenbaker, *ibid.*, 1602.
59. Cook, *op. cit.*, 379.
60. Peter Regenstreif, *The Diefenbaker Interlude: Parties and Voting in Canada* (Toronto: Longmans Canada Ltd., 1965), p. 382.
61. Peter Regenstreif, *op. cit.*, p. 102. Of those with union affiliation, only 20% of the skilled and 16% of the unskilled voted for the New Democrats. Their support was even weaker among non-union workers, 12% of the skilled and only 6% of the unskilled.
62. Paul Hellyer's statement to the *Special Committee on Defence*, No. 19 (November 5, 1963), p. 665.
63. This must have brought chuckles of delight in Washington, for it was the anniversary of the assault on Quebec City by the U.S. revolutionary forces, under General Richard Montgomery in 1776.

# **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

## **Chapter 9: The introduction of the anti-ballistic missile**

*(All emphasis by the Web Ed.)*

**The most recent controversy between the United States and Canada in the area of military policy involves the decision of the United States government to proceed with the introduction of the Anti-Ballistic missile (ABM) system. Some were concerned about the question of consultation, but of more importance was the widespread belief that the ABM was a new escalation of the nuclear arms race which would only heighten the balance of terror. Many in Canada and the United States felt the decision to proceed with an entirely new weapons system might hinder or prevent the Soviet Union and the United States from reaching any meaningful agreement at the promised strategic arms limitations talks. A minor question involved whether or not these missiles, with their nuclear warheads, would be a threat to Canada. At the time of this writing, Canadians (and Americans) are also concerned about the testing of the nuclear warheads for the ABM being undertaken at Amchitka Island in the Aleutians. (See website Anti-war W16a-1972 for details on the Amchitka nuclear bomb test protests --ed.)**

In December, 1966 spokesmen for the Pentagon began mentioning that the Soviet Union was developing a new anti-ballistic missile (ABM) system. This had the desired effect of increasing demands for the United States to step up its own programme in order to prevent the Soviet Union from achieving any significant advantage in the balance of nuclear forces between the two countries. However, the Johnson Administration stuck to its position that the best defence was a good offence and in the nuclear era only deterrence could be effective. The U.S. Secretary of Defense, Robert McNamara, announced that the Administration was going to proceed with the new Polaris A-3 (Poseidon) missile. This new submarine-launched missile would have twice the payload, be twice as accurate, and with a range of up to 3200 miles be able to cover any target on earth. In addition, the new missiles would be equipped with various kinds of penetration devices to insure that they would not be intercepted by any antimissile system.

However, Congressional pressure for introducing an ABM system continued to mount. Since 1956 the U.S. government had spent about \$2,300 million on the development of the Nike X missile, which it hoped would be an effective ABM; by this time the system was in an advanced stage of development. The programme involved the deployment of two missiles.<sup>1</sup> The first, designated the Spartan, is designed to intercept and destroy incoming ICBMs outside the United States and outside the atmosphere. According to plans, it is supposed to intercept the ICBM at an approximate distance of 400 miles, 800 miles above the earth. This is a three-stage missile which destroys the ICBM by detonating a 2 to 4 megaton warhead. Those incoming missiles which manage to penetrate this first line of defence are to be destroyed by the Sprint missile, a two-stage missile with a range of 25 to 35 miles. It also uses a nuclear explosion, but the warheads are only supposed to be about 30 kilotons.<sup>2</sup> Because of the fallout caused by the explosion of the Sprint missiles, the U.S. Department of Defense at first said it needed to be installed with a shelter programme for target areas.

**The Johnson Administration's case against the ABM was presented by Secretary McNamara in his annual posture statement to the Senate Armed Services Committee, released in January, 1967.** The Secretary of Defense argued that the U.S. anti-missile system would be futile and that the billions of dollars spent on it would buy no real security. If the United States went ahead with its programme, it would only guarantee that the Soviet Union would make offsetting improvements in their own deterrent forces. Even if the Soviet Union did deploy an ABM system, the United States would not be threatened because the U.S. government was going to proceed with the Multiple-Individually-targetable Re-entry Vehicle (MIRV) programme. Orders had been made to build 1000 Minute-man III ICBMs and 750 Poseidon missiles with the new warheads. Each missile would carry a number of separate warheads, each capable of being directed at a different target.<sup>3</sup> Secretary McNamara argued that it would be impossible for any conceivable defence system to deal with such an attack, and therefore the U.S. strategic deterrent was stronger than ever in spite of any Soviet ABM system.

Secretary McNamara estimated that if the Soviet Union at that time launched an attack on the United States, they would destroy all the industrial centers and approximately 120 million people in the initial missile attack. He estimated that the installation of the complete U.S. ABM system, with fallout shelters, could possibly reduce these losses to about 30 million. However, he stressed that if the Soviet Union went ahead with improvements to their offensive forces, similar to those being undertaken by the United States, then they would increase their striking potential to the point that, in spite of U.S. maximum defence efforts, they would still have the capacity to kill approximately 120 million Americans. On the basis of this analysis, he concluded that the Johnson Administration had grave doubts on the advisability of deploying the Nike X system around American cities.<sup>4</sup>

Nevertheless, the Joint Chiefs-of-Staff and the influential Congressional committees dealing with military matters continued to give their support to an ABM system. Early plans centered around two alternative proposals, Posture A, which called for deployment around 25 cities at an estimated cost of \$10 billion, and Posture B, which would encircle 50 cities and would cost an estimated \$20 billion. Secretary McNamara estimated that the final total cost of the full programme would end up around \$40,000 million.<sup>5</sup>

**However, the Johnson Administration began to give in to political, military and industrial pressures. On May 18, 1967, Secretary McNamara said that a "Thin Line" of missiles, directed against China and not the USSR, was feasible. The real opposition, he said, was to the full missile defence. On June 17 China exploded a hydrogen bomb, and this event all but ended opposition to the "Thin Line" approach. Its supporters noted that the United States could well afford it, an estimated \$5,000 million; the total annual military budget was over \$70,000 million, and the, government was spending over \$2,000 million a month on the war in Vietnam. The Republican party began to stress that the Johnson Administration was not doing what it could to defend the people of the United States. President Johnson yielded, and on September 17, 1967, announced that the United States would proceed with the "Thin Line" ABM, which was known as the Sentinel programme.**

### **Canada's Role in the ABM System**

There was good reason to believe that Canada would participate in the ABM system. Since the end of World War II, the government of Canada had willingly participated in a variety of programmes with the United States. It was assumed that the ABM system would become a part of the centralized warning and defence operation at Colorado Springs. There had been no indication prior to September, 1967 that this trend would be reversed.

The programme was mentioned in the White Paper on Defence presented by Paul Hellyer in March, 1964. The Government stated that it seemed probable that "failing the wide-scale deployment to AICBM, the proportion of Canada's resources directed to air defence will gradually decline through the balance of the decade."<sup>6</sup> Mr. Hellyer told Terrence Robertson in 1965 that "we have to wait and see what the Americans come up with in terms of an anti-ICBM system before we can make any changes [in NORAD]."<sup>7</sup> During the supply debate in the House of Commons in 1966, he stated that "a number of questions depend upon a decision by the United States as to whether it will or will not deploy an anti-missile system."<sup>8</sup> The implication in all these statements was that Canada would participate if the United States decided to proceed. The statements also implied that the decision was going to be made by the United States, and that Canada was not going to have much (if anything) to say on the matter.

On top of this, the first published maps of the proposed "Thin Line" ABM system indicated that Canada would be included. One leaked to The Washington Post and published on June 18, 1967, showed a Perimeter Acquisition Radar (PAR) site with Sprint missiles scheduled for placement near North Bay, Ontario. North Bay is the headquarters of the Northern NORAD Region and the home of Bomarc anti-bomber missiles and Voodoo interceptor aircraft. This area lies in a very strategic position, between the vast industrial complex of the United States and the Soviet Union and China. Therefore, it would be the most logical site for an ABM emplacement. There is no doubt that the United States expected that Canada would participate. Furthermore, as long as Canada is a member of NORAD and other North American military arrangements, it is only logical. At the time the Sentinel programme was announced, U.S. government spokesmen in Washington told the Associated Press that Canada had given permission to establish one of the radar sites in Canada, near the Great Lakes area."<sup>9</sup>

However, at a press conference on September 22, 1967, the Prime Minister, Lester Pearson, stated that "we have no intention at this time of taking part in any such ABM system." Three days later he told the House of Commons that Canada is "not involved in any way, nor do I think we shall be involved in this particular project." He added, furthermore, that he did not have "any information to indicate that the United States government will be asking us for facilities of any kind on our soil in this connection."<sup>10</sup> Later, Paul Martin confused the issue by telling the Standing Committee on External Affairs that this meant that "we have no intention of participating in "the 'thin' ABM system which was announced by the United States at that time."<sup>11</sup> The implication was that Canada might participate in the more complete system which it is widely believed the United States will eventually undertake.<sup>12</sup>

Of some interest is the contention of both the Pearson and the Trudeau Governments that the ABM system will not be a part of NORAD. Just prior to President Johnson's announcement of the Sentinel programme, Paul Martin outlined the Pearson Government's position: "NORAD is an air defence arrangement which does not now—nor would its renewal—in any way entail or imply a commitment by Canada to accept or participate in any American missile system which might be deployed for space defence at some future date."<sup>13</sup> On October 10, 1967, Mr. Martin announced that the Canadian government had begun discussion with the United States regarding the renewal of the

**NORAD agreement; yet on the next day he told a television audience that the renewal of the NORAD agreement would not involve Canada in participation in an ABM programme. The same position has been taken by the Trudeau Government. The Prime Minister told the House of Commons on March 17, 1969, that "NORAD does not cover the anti-ballistic missiles, and it could not cover the anti-ballistic missiles system without our giving consent."<sup>14</sup> Two days later he elaborated:**

*("") Let me remind this house that the Secretary of State for External Affairs (Mr. Sharp), the Minister of National Defence (Mr. Cadieux) and myself have made clear on several occasions that the space defence system, the ABM system now contemplated, has not been integrated into NORAD but is something outside NORAD.("")<sup>15</sup>*

**First of all, the public does not know for certain whether the ABM system will be under NORAD. Logic dictates that it should be. But on two occasions the press has reported that U.S. government officials have said that they would be willing to place the ABM system "outside NORAD" in order to accommodate the wishes of the Canadian government.<sup>16</sup> The ABM system utilizes new radars, so conceivably it could be a separate system. However, this does not seem likely. William Beecher, military reporter for *The New York Times*, visited the NORAD headquarters at Colorado Springs in 1968 and reported that "the United States plans to control the Sentinel from the joint NORAD headquarters, under an American four-star general."<sup>17</sup> All the detailed scientific articles on how the ABM system will work note that the first detection of the ICBM will be made by the Ballistic Missile Early Warning System (and perhaps at a later date by the over-the-horizon radars and satellite detection systems). This information is collected at the NORAD headquarters in Colorado Springs, and then relayed to the ABM bases.<sup>18</sup> The Canadian Press reported on March, 24 that officials from the Department of National Defence in Ottawa stated that Canada would participate in the ABM system "if no more than in the relay of information."<sup>19</sup>**

**Both the Pearson and the Trudeau Governments have attempted to make a distinction between the warning, tracking and interception of bombers, as envisaged under the original NORAD agreement, and the warning and defence systems added after the introduction of the ICBM. It is only possible to take such a position on narrow technical grounds, while ignoring the basic function that the integrated system at Colorado Springs plays at present. The threat of the ICBM was apparent to everyone even before the anti-bomber radar system was in full operation. In January, 1958 -- before the NORAD agreement had been officially approved — construction began on the Ballistic Missile Early Warning System (BMEWS), a radar network designed to detect the launching of an ICBM up to 3500 miles away. The first of these new missile detection sites, at Thule, Greenland, came into operation in 1961; the second at Clear, Alaska in 1962; and the third at Fylingdales Moor, England in 1964. All the official publications of NORAD state quite clearly that this programme is part of NORAD. Canada does not participate in the operation of the sites in Alaska or Greenland, which have been operated by the 9th Aerospace Division of the U.S. Air Defense Command. However, the system is centralized with the NORAD system at Colorado Springs where there is participation by Canadian personnel.**

**NORAD also includes the Space Detection and Tracking System (SPADATS) which undertakes the surveillance of satellites. They began in 1963 with the operation of a giant tracking radar at Moorestown, N.J. Subsequent tracking centers were established in Alaska and Turkey. Canada participates in this programme in the field, operating a sky camera at Cold Lake, Alberta.**

There are other aspects of NORAD's overall operation in which Canada has chosen not to participate. We play no part in the airborne emergency command post, primarily because it is more directly connected with SAC. Canada did not contribute to the new underground NORAD headquarters at Colorado Springs. It is not expected that Canada will directly participate in the new over-the-horizon radars, which can be stationed in the United States. Canada is not participating in the new coastal radar system designed to detect and track missiles launched from submarines. It is not certain whether this is being done on principle or just to save money. In any case, these new programmes will not need Canadian territory. On the other hand, the Canadian government has hinted that it will participate in the new Airborne Warning and Control System (AWACS), because to be effective it requires Canadian airspace and bases in Canada.<sup>20</sup>

The fact is that today NORAD is an integrated system for warning and defence. No real distinction can be made between anti-bomber and anti-missile operations. The ABM system must be coordinated under the NORAD system. If Canada is going to be a partner in the other integrated military systems, then it makes no sense to opt out of one, the anti-ballistic missile. The fact that the Canadian government has taken this illogical position is undoubtedly due to political pressures in Canada against the introduction of the ABM and the desire of both the Trudeau and the Pearson Governments to avoid another nuclear weapons crisis.

#### **The American Debate on the ABM**

President Johnson's announcement on the ABM in September, 1967 promoted a significant public debate in the United States. What was interesting was the extent to which professional scientists became involved overwhelmingly against the deployment of the weapons-system.

(...)

#### **Canadian Reaction to the Safeguard System**

The announcement of the Sentinel ABM system in September, 1967 did not arouse much concern in Canada. However, as the debate rose in the United States, it increased concern and debate in Canada. The daily press covered the opposition that was concentrating in the U.S. Senate. Therefore, by the time President Nixon made his announcement on March 14, 1969, many Canadians were following the debate.<sup>30</sup> There were a number of questions that arose in the minds of Canadians, and they were reflected by the questioning of the Government in the House of Commons. Had the United States asked permission for overflights for' the Sprint and Spartan missiles? This came as a surprise to the Government, for the issue had not been raised during the Bomarc debate, and that missile, if ever fired, would produce more danger to Canada than the ABM. The Secretary of State for External Affairs, Mitchell Sharp, announced that "the matter of permission has never been raised with Canada by the Government of the United States."<sup>31</sup> The implication was that the issue was not going to be raised by the Canadian government. After the Prime Minister returned from his trip to Washington, he told the House of Commons that this was not important because the Spartan missiles would explode outside the earth's atmosphere, where Canada had no legal control, and the Sprint missiles were to be located far enough south of the border so that they would explode over American

**territory.<sup>32</sup> Grand Forks, North Dakota, is about 75 miles from the Canadian border; Great Falls, Montana, about 100 miles; Seattle, Washington, about 95 miles; but Detroit borders on Canada. This position also avoids the fact that the effects of a low-level nuclear explosion will not be limited to the 35 mile range of the Sprint missile.**

There was also concern expressed about the results of the explosion of Spartan missiles in space over Canada. Dr. Ralph Lapp, an American scientist who worked on the Manhattan project and an expert on nuclear weapons, argued that the explosion of Spartan's nuclear warheads would create additional damage to Canada through (1) increased fallout which would blow into Canada; (2) possible eye injury from the flash caused by the high altitude explosions; (3) the triggering of ICBM warheads if they were equipped with special fuses, thus creating additional high-altitude nuclear fallout; (4) deflecting ICBMs from their targets which could explode on Canadian soil; and (5) heat damage which could occur 100 miles away from the nuclear explosions. He concluded it would have been better for Canada if the ABMs had been deployed farther south in the United States.<sup>33</sup> Professor George B. Kistiakowsky, Special Assistant to President Eisenhower for Science and Technology, testified that the explosion of the Spartan missile would "cause many people to be blinded."<sup>34</sup> Dr. Arthur Porter, dean of the School of Industrial Engineering at the University of Toronto argued that the explosion of the Spartan missiles "may blind quite a few people and it would probably set off some massive forest fires. . . ."<sup>35</sup>

**On March 17, 1969, John Diefenbaker asked the Government if they would consider asking the United States to place the ABM missiles farther south in the United States, in order to minimize the possible damage to the prairies. The Prime Minister replied as follows:**

*(") The questions from the opposition, Mr. Speaker, all seem to lead to the same thing. They want to protect a particular city. I am more interested in seeking a situation wherein the policy followed by the United States is one that protects all of humanity, not just the people of Prince Albert alone. The truth of the matter is that if these installations are used, the whole policy will have failed, as will have humanity. . . .")<sup>36</sup>*

**This was, of course, a dodge, avoiding the argument used by both President Johnson and President Nixon that the ABM would serve as "insurance" against a small Chinese attack, an accident, or an unauthorized attack from any nuclear power. The Minister of National Defence, Leo Cadieux, dismissed the claims of the scientists: "Spartans are programmed to make their interceptions at a high enough altitude to prevent damage to people living beneath the bursts."<sup>37</sup>**

**During the major debate on the ABM in the House of Commons on March 19, the spokesmen for the Trudeau Government spent most of their time defending the Nixon Administration's decision. Jack McIntosh (PC—Swift Current) and Ross Wincher (Liberal—Bruce) argued that to oppose the ABM was to be "anti-American" and even "pro-communist."<sup>38</sup> This was the position taken by the Liberal Government in Saskatchewan in the debate in the provincial Legislative Assembly.<sup>39</sup> Nevertheless, many Canadians were pressuring the Government to take a stand opposing the ABM, largely on the grounds that it would not work and would be an unfortunate escalation of the arms race. Mr. Trudeau told the House of Commons that if he concluded that the introduction of the ABM "is evidence of escalation then we would be ready to indicate our disapproval of such escalation."<sup>40</sup>**

**Before his trip to Washington he again promised that if "after receiving all the information, we are led to the view that the ABM system constitutes escalation and is conducive to greater peril for mankind, then we shall condemn it."<sup>41</sup>**

While in Washington, the Prime Minister consulted with the Nixon Administration on a number of issues, including support for an international price level for wheat and continuation of exports of oil to the United States. The press reported that the visit was quite cordial. In the joint press conference on the final day, Mr. Trudeau made the following statement:

The fact that Canada has flourished for more than a century as the closest neighbour to the greatest economic and military power in the world is evidence of the basic decency of U.S. foreign policy. When Canada continues to trade in non-strategic goods with Cuba, or proposes recognition of the People's Republic of China . . . the world is given evidence of your basic qualities of understanding and tolerance.<sup>42</sup>

**When one remembers that at this time both Canada and the United States were experiencing mass protests against the American war in Vietnam, such a statement seems unusual. Even more so, because Canadians have long identified with the Democratic Party and the "doves" in the United States. Mr. Nixon's Administration was certainly one of "hawks."**

**Therefore, it was not surprising to find that when Mr. Trudeau returned he announced that the government was not going to immediately take a position on the ABM<sup>43</sup>** In fact, as time went on it became quite evident that the Prime Minister had decided not to take a public stand on the question until the vote had been taken in the U.S. Senate, and that the Government was also not going to make any "quiet diplomacy" representations to Washington.<sup>44</sup> In a television interview on CBC on April 23, 1969, he argued that it is not the function of Canada to have a debate on what is going on in the United States. The ABM "is no more our problem than it is the French, British, Chinese or the Hottentots—it is not a problem particular to Canada." Again, in an interview with the *Toronto Telegram* he restated his claim that Canada should not comment on "present debates in the United States of America." He felt confident that in the pluralistic American society, counterforces would arise in the ABM debate. He agreed with Peter Thomson that momentum could be dangerous in the case of military influence, but concluded that such momentum could be shifted around.<sup>45</sup> The nearest the Prime Minister came to opposing the ABM occurred in the House of Commons on May 23, 1969. He first stated that the Government had not reached any conclusion on the ABM, but then admitted that "we are not enthusiastic about the system." He went on to claim that "if the Canadian government had power to make a decision in this area I think we would suggest that the ABM system should not be proceeded with." Nevertheless, there would be no representation to Washington because it "would be very vague and only of a moralistic nature."<sup>46</sup> Senator J. W. Fulbright (D—Ark) all but begged the Canadian Government to make a public stand, and in view of the very close final vote, this might have made a difference.

#### **Consultation on the ABM**

**At the time President Johnson announced the Sentinel ABM programme, the question was raised as to what extent Canada had been consulted about the decision. One week before the announcement, Paul Hellyer, the Minister of National Defence, went to Washington and was informed of the decision. When questioned about this in the House of Commons, the Prime Minister, Lester Pearson, stated**

that they were "informed of the decision of the United States government in this matter before it was made public."<sup>47</sup> The Soviet Union was also informed of the decision four days before it was made public.<sup>48</sup> This seemed to conform with the general American view of consultation: allies are informed of a decision after it is made. On this particular programme there were protests from other U.S. allies. The British government complained about receiving only formal, advance notification. Officials questioned the value of the NATO Nuclear Planning Group, a committee that was established to consult on these matters.<sup>49</sup> In Paris the French government announced that the American decision vindicated their policy of disengagement from NATO, playing up the fact that there was no consultation before the decision was made.<sup>50</sup>

A similar reaction came with President Nixon's announcement of the Safeguard on March 14, 1969. When asked in the House of Commons whether Canada had been consulted in advance, Mr. Trudeau reported that the government had been notified of the decision, but that "there was no consultation in the sense that we might have been in a position" to change the decision." Nevertheless, he added, Canada had been "informed" at various stages of the development of the ABM programme.<sup>51</sup> Mitchell Sharp, the Secretary of State for External Affairs, stated that "we were told of the decision immediately before it was announced."<sup>52</sup>

The role of consultation was further examined during the full debate on the ABM in the House of Commons on the evening of Wednesday, March 19. The Prime Minister stated that Canada had "been informed to an impressive degree about what the United States is doing." However, he again stressed that "we do not have a veto over the operation of the system."<sup>53</sup> Later in the Debate the Minister of National Defence, Leo Cadieux, argued that the government "has received the co-operation of the United States government in provision of the technical information necessary to enable us to make our own assessments of the benefits, dangers and implications of successive developments." But he also added that the U.S. government has limitations on the information that it can release concerning nuclear weapons and research into missiles and anti-missiles. However, technical plans of the ABM system had been shown to the Canadian Minister of National Defence in April, 1967, five months before the original announcement by Secretary McNamara.<sup>54</sup>

The question on consultation might have ended here except for the statements of the U.S. Secretary of Defense, Melvin Laird, before the Senate Armed Services Committee and the Foreign Relations Committee. On March 20 Secretary Laird claimed that Canada had been fully briefed on the ABM system after its announcement in September, 1967. He added that "Canadian authorities were completely briefed on the Sentinel system and there has been no change in the system so far as its effect on Canada is concerned."<sup>55</sup> The following day he remarked that the United States had a "working agreement" with Canada covering deployment of the ABM, but that there never was "an understanding under which Canada could veto the sites." The Nixon Administration, he added, did not feel it was necessary to "clear" the new sites for the Safeguard system with the Canadian authorities. "Canada has been kept fully advised," he added.<sup>56</sup> During this testimony he noted that the missile sites for the Sentinel programme had "never been cleared with Canada." Robert J. McClosky, speaking for the U.S. State Department, stated that "the question of permission to fire ABMs over Canada has not been raised during the course of these consultations."<sup>57</sup> Dr. John W. Foster, a Canadian, now chief of research at the Pentagon, stated that when the Johnson Administration approved the Sentinel programme, Canada "agreed

to go along with it at that time.<sup>58</sup> Again, the testimony of U.S. officials made it clear what they meant by consultation: being informed of technical details, but having no political influence.

It was at this time that Mr. Trudeau made his visit to Washington. In their joint press conference, Mr. Nixon stated that "this is a new era of consultation and we hope cooperation between our countries." **The Prime Minister replied that "I can only repeat the admiration I have for the place you have put so early in your Administration on consultation with your European friends and then with us."<sup>59</sup>** While the Prime Minister was in Washington, Paul Hellyer told the House of Commons that "there have been no discussions regarding the most recent change in the United States system." Nevertheless, he added, there were no consultations because the Safeguard ABM "would not mean any substantive change as far as the effects on Canada are concerned."<sup>60</sup>

**When the Prime Minister returned from Washington, he disputed the statement by John W. Foster: "there was neither agreement nor acceptance by the government of Canada concerning the Sentinel system."** The U.S. government had provided Canada with information from time to time, but they "at no time sought our agreement to their intention to pursue the implementation of that system nor did we give them any such agreement."<sup>61</sup> However, he added that "we did not at any time protest against the plans of the United States to progress with that system."<sup>62</sup>

The position of the Government on consultation on the ABM had been made first during the evening debate on March 19. **The Prime Minister had argued that the "space defence system, the ABM system now contemplated, has not been integrated into NORAD but is something outside NORAD. It follows in all fairness that we cannot, while refusing to participate in the ABM system, while taking the position that it must remain outside NORAD, complain that the United States is not consulting with us."<sup>63</sup>** Now, after his trip to Washington, he argued that there is "continued consultation for the imparting of information to Canada." But, he added, "whether the United States should consult with Canada before deciding to proceed with a particular form of continental defence within its own territory is a question I did not raise with the President."<sup>64</sup>

A contrary position on consultation with the United States was expressed by Robert Stanfield, the Leader of the Opposition: ["] I do not agree with one view expressed by the Prime Minister. As I understand him, we cannot claim any right seriously to be consulted with regard to an anti-ballistic system because we have chosen not to be involved in that system. We are partners in continental defence and as such I think we have the right to be consulted as allies and partners. I do not think we would expect the right to veto a decision taken by the United States with regard to a matter considered vital to the defence of that country, but as partners, I believe we have the right to be informed and to be given an opportunity to express our views on matters relating to the defence of the continent, even though we are not involved in the financing or in the administration of what is proposed. I reject, Mr. Speaker, the position taken by the Prime Minister in this regard.["]<sup>65</sup>

The problems arising out of the ABM decision did not come to an end with the failure of the vote in the Senate. **The U.S. government planned a series of underground nuclear tests at Amchitka Island off Alaska, the first, and smallest, being scheduled for October 2, 1969. Because the island was near the San Andreas fault which runs down the Pacific Coast through California, some scientists felt that it might touch off an earthquake. Others felt it might cause tidal waves. The test was strongly opposed**

**by political groups and officials in Alaska, Washington, Oregon, California and Hawaii. The government of Japan protested to the United States. The Canadian government sent a note to the U.S. government on September 19, saying that they could not be regarded as "acquiescing" in the holding of the underground tests, and that they would have to hold the United States "responsible for any damage or injury to Canadians, to Canadian property or to Canadian interests resulting from the tests." Nevertheless, the pressure was not enough to halt the first test. While the U.S. Atomic Energy Commission did not plan another test for two years, the new Nixon budget in 1970 called for increased funds to prepare for a bigger test.<sup>66</sup>**

**The Canadian government was again caught by surprise when on January 30, 1970, President Nixon announced that the U.S. government would proceed with "Phase II" of the ABM to provide "area defence" for the cities of the United States.<sup>67</sup> Again, the Canadian government had no advance warning from the United States. A State Department spokesman was quoted as saying this was because the "area defence" missile system was "no direct concern of Canada's."<sup>68</sup> Mr. Trudeau told the House of Commons he was "unhappy" that the Nixon Administration had decided to proceed with the expansion of the ABM system.<sup>69</sup>**

**The (*Toronto*) *Globe and Mail* reported that Liberal members of parliament, including the Prime Minister and Mr. Sharp, expressed anger at a caucus meeting over the failure of President Nixon to at least inform the government in advance of its decision. Secondly, they reported that they had not been able to learn just what is involved in Phase II of the ABM programme. Finally, they were annoyed that the Canadian government had not been shown the findings from the U.S. Atomic Energy Commission on the first underground test at Amchitka.<sup>70</sup>**

In theory, the principles of special partnership require full consultation in the best sense of the term. Nevertheless, Canada is faced by the reality of its power position vis-a-vis the United States. That country is a super-power, the leader of the Western alliance system. Canada is only a small, client state, within the American sphere of influence. Under these circumstances, Canada cannot expect to receive special treatment. The principles of consultation outlined in the Heeney-Merchant report, for example, are ideal statements, largely for public consumption. "Being informed" is the best that any small state can expect in a military alliance with a super-power; and a super-power is not going to let the views of a small ally have any significant influence on her basic foreign and defence policy.

**Many people were surprised and disappointed that Pierre Elliott Trudeau did not take a stand against the ABM. Some felt that he had been persuaded not to take a public stand by promises of support for certain Canadian policies. Others speculated that he was threatened with economic retaliation. Some say he appears to have been convinced by the "hawks" in the Nixon Administration that the ABM was not an escalation of the arms race but was a necessary defence system. Perhaps the cumulative effect of this influence had its effect. Furthermore, the Prime Minister does not appear to be a "dove" in matters of foreign policy: he has refused to oppose nuclear weapons, has supported the Canadian role in the development of chemical and biological weapons, and has refused to condemn the shipment of Canadian arms to the United States for use in Vietnam.**

Of more significance, I think, is his general agreement with the policy of "quiet diplomacy." His refusal to take a public position on the ABM, regardless of how it may affect Canada, is fully consistent with the philosophy of the Heeney-Merchant report. The ABM programme has been of special importance to the Nixon Administration. If the Prime Minister had publicly condemned the ABM, it might well have led to its defeat in the U.S. Senate, and this undoubtedly would have irritated President Nixon.

FOOTNOTES (*Notes #5-22 and #39-70 on file – Web Ed.*)

1. I have relied here on Richard L. Garwin and Hans A. Bethe, "Anti-ballistic Missile Systems," *Scientific American*, CCXVIII, No. 3 (March, 1968), 26-27. Dr. Garwin has served as a consultant to the Los Alamos Scientific Laboratory and on the President's Science Advisory Committee, from 1962 to 1965. Dr. Bethe received the Nobel prize in physics in 1967 "for his contribution to the theory of nuclear reactions." He was chief of the theoretical physics division at Los Alamos during World War II and has continued to be one of their consultants. From 1956 to 1959 he was a member of the President's Science Advisory Committee, and in 1958 and 1959 he was a member of the U.S. delegation to Geneva during discussion on discontinuing nuclear-weapons tests.
2. One megaton is 1,000,000 tons of T.N.T. The bombs dropped on Japan by the United States were 20 kilotons of T.N.T., or 20,000 tons of T.N.T.
3. For a more detailed discussion of MIRV and its relation to the ABM see George W. Rathjens, "The Dynamics of the Arms Race," *Scientific American*, CCXX, No. 4 (April, 1969), 15-25; and Herbert F. York, "Military Technology and National Security," *Scientific American*, CCXXI, No. 2 (August, 1969), 17-29. Dr. Rathjens is one of America's foremost experts on weapons, having served for twelve years in the Pentagon, on the staff of the President's Special Assistant for Science and Technology, with the U.S. Arms Control and Disarmament Agency, and as director of the Weapons Systems Evaluation Division of the Institute of Defense Analysis. Dr. York was director of the Livermore Laboratory from 1952 to 1958, director of defense research and engineering in the office of the Secretary of Defense from 1958 to 1961, and has twice served on the President's Science Advisory Committee.
4. Later in 1967 official spokesmen for the Defense Department claimed that the Soviet Union was proceeding with the development of the MIRV system. See William Beecher, "Soviet Reported Stressing (...)"
23. For a sample of their testimony, see Hearings before the Subcommittee on International Organization and Disarmament Affairs of the Committee on Foreign Relations, United States Senate, Ninety-first Congress, First Session. *Strategic and Foreign Policy Implications of ABM Systems*, Part I (March 6-28, 1969). This includes Senator Albert Gore's detailed analysis of finite deterrence and overkill.
24. A few articles opposing the ABM and the MIRV system are: J. I. Coffey, "The Anti-Ballistic Missile Debate," *Foreign Affairs*, XLV, No. 3 (April, 1967), 403-413; Robert L. Rothstein, "The ABM, Proliferation and International Stability," *Foreign Affairs*, XLVI, No. 3 (April, 1968), 487-502; Carl Kaysen, "Keeping the Strategic Balance," *Foreign Affairs*, XLVI, No. 4 (July, 1968), 665-675; Harold Brown, "Security Through Limitations," *Foreign Affairs*, XLVII, No. 3 (April, 1969), 422-432; Dr. Ralph Lapp, "The Vicious Acronyms," *The New Republic*, CLX, No. 25 (June 21, 1969), 15-19; and "Fear of a First Strike," (June 28, 1969), 21-24; and the symposium in the *Bulletin of the Atomic Scientists*, XXV, No. 6 (June, 1969), 20-28. I have summarized these arguments in Lewis Hertzman, John Warnock and Thomas Hockin, *Alliances and Illusions: Canada and the NATO-NORAD Question* (Edmonton: M. G. Hurtig, 1969), 69-83.
25. The text of President Nixon's Statement is in *The Washington Post*, March 15, 1969, Sec. A, p. 9.
26. See Jerome Wiesner and Abram Chayes, eds., ABM: A Report Prepared for Senator Edward M. Kennedy—and the American Public (*New York: Harper & Row, 1969*). When one sees the impressive list of "moderates" who opposed the ABM one at first wonders why the House of Commons committee did not call some of them as expert witnesses. After President Nixon's announcement on Safeguard, they limited their witnesses to "safe" supporters of expanding military technology. But then one should remember that under the Parliamentary system the committees are subordinate to the Government. And testimony from these experts, with reputations far exceeding any who testified, would have provided evidence conflicting with the Prime Minister's policy.
27. Terrance Wills, "51-49 Senate Vote Passes Safeguard," *The Globe and Mail* (Toronto), August 7, 1969, p. 1.
28. Cited in York, *op. cit.* 23.
29. Cited in *ibid.*, 21.
30. For an example of the change in interest, compare the debate in the House of Commons on this issue from the fall of 1967 to the spring of 1969.
31. *House of Commons Debates* (March 19, 1969), 6814.
32. *House of Commons Debates* (March 26, 1969), 7150.
33. "U.S. Scientist Forecasts Hundreds of Explosions over Canadian Soil," *Toronto Daily Star*, March 24, 1969, p. 2.
34. Quoted in a Canadian Press background story, "Hydrogen Bomb Burst Danger Less," *The Star-Phoenix*

*(Saskatoon), March 19, 1969.*

35. *Glen Allen, "U. of T. Professor Says ABM Imperils Cold War Balance," Toronto Daily Star, March 24, 1969, p. 8.*
36. *House of Commons Debates (March 17, 1969), 6684.*
37. *House of Commons Debates (March 19, 1969), 6860.*
38. *Ibid., 6871, 6875.*

*(Notes #39-70 on file – Web Ed.)*

## **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

### **Chapter 10: Problems raised by the armaments industry**

*(All emphasis by the Web ed.)*

There can be no doubt but that the existence of an armaments industry in Canada has influenced the course of Canadian foreign and defence policy. To what extent this branch of the business community has exerted influence over government policy is difficult to measure. **But there are indications that it was quite influential in 1958 when it was decided to make the far-reaching decision to integrate the industry into that of the United States through the Defence Production Sharing Agreement. It also appears that the decision of what military aircraft should be purchased for the Canadian Armed Forces has been closely linked to the desire to provide work for the aircraft industry in Canada. Many people have argued that the business interests in Canada — and particularly those associated with military contracts — played a significant role in the Canadian decision to adopt nuclear arms and in the election of the Liberal party in 1963.**

**Yet at the same time it also seems clear that the political leaders in Canada — particularly those in the Liberal party—have, since the rise of the Cold War, closely identified with the interests of the arms manufacturers. Time and again they point out that as long as Canada is a member of the Western alliance system, and is closely aligned with the United States through various North American agreements, then it is only natural that the arms industries of the Western countries be closely linked.** Therefore, where the aims and interests of the business and the political leaders are the same, it would be difficult to determine which was the most influential.

In the United States in recent years there has been increasing concern about the relationship between the military establishment and that growing segment of the U.S. economy that is dependent on military contracts from the government. Most of this followed the unexpected and startling speech delivered by President Eisenhower on January 17, 1961, his farewell address to the nation. He went to considerable length to warn Americans of the growing influence of the "military-industrial complex," which he pictured as a new threat to democracy. Its "total influence —economic, political, even spiritual—is felt in every city, every state house, every office of the Federal Government." He warned Americans to "guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist."<sup>1</sup> This impetus has led to some significant research into this problem in the United States, but little has been written on the subject in Canada.

**Canadians, according to Professor George F. G. Stanley, are "an unmilitary people."<sup>2</sup> Professor James Eayrs writes that the military profession in Canada has generally been held "in low estate."<sup>3</sup> This is reflected in the strong desire of our political leaders to maintain control over the military. Even during World War II, when the military in the United States were granted a great deal of**

**decision-making authority, this was not true in Canada. Professor Eayrs argues that "the civilian authorities remained firmly in control of the country's war effort."<sup>4</sup>**

**Canada has not treated its soldiers as heroes, as has been the case in the United States. Prominent Canadian soldiers have had a difficult time breaking into politics. For example, General A. G. L. McNaughton, Commander of the Canadian Army during World War II, was appointed to the Cabinet in the Mackenzie King Government, but was unable to win a seat, losing in the Grey North by-election and then in the 1945 general election running against a CCF novice, Mrs. Gladys Strum, in Qu'Appelle. In contrast, recall the popularity of General Douglas McArthur and General Dwight Eisenhower in the United States. To some, this might seem surprising, because in conservative countries the military is generally held in high regard, and Canada is believed to be more conservative than the United States. But in Canada there is a long tradition of opposition to participation in overseas wars, undoubtedly multiplied by the resistance to military conscription by the French Canadians. Furthermore, it should be recalled that since the United States achieved its independence it has been an expansionist state, involved in repeated military actions. Because of the long tradition of successful military activity, the military profession has achieved greater respect and influence in the United States.<sup>5</sup>**

**Nevertheless, Professor Eayrs concludes that most liberal-minded people in Canada feel that "the influence of the military establishment upon national policy has increased, is increasing and ought to be diminished."<sup>6</sup> This reflects a more common belief that the influence of military policy in Canada has increased during the period of the Cold War. Domestic spending priorities have been curtailed by the decision to maintain a large defence budget.**

### **The Aircraft Industry: A Case Study**

The largest single defence industry in Canada has been the aircraft industry. Aside from shipbuilding, it is the one area where government and industry in the past attempted to produce major weapons-systems. It plays a very significant role in trade with the United States. Around 50% of U.S. procurement in Canada under the Defence Production Sharing Agreement has been in aircraft and component parts. Around 50% of Canadian government grants have gone to this industry.<sup>7</sup> In the Canadian manufacturing industry between 1957 and 1966, the largest percentage (22.5%) of intramural research and development went to the aircraft industry.<sup>8</sup> Furthermore, much of the second largest industry, electronics, is closely connected with the aircraft industry. Of the 22 largest defence contractors in Canada in 1962, the two leading recipients were Canadair and the Hawker Siddeley Group, which accounted for 17.6% of contracts.<sup>9</sup> Furthermore, in 1959 and 1960 the aircraft industry in Canada depended on foreign and domestic military contracts and subcontracts for 88% of its sales.<sup>10</sup> Of more significance, however, is the question to what extent Canadian defence policy in general has been influenced by pressure from arms manufacturers. In the aircraft field, it appears that procurement policy—which also involves strategic role of the aircraft—has been to some degree influenced by the desire to maintain an aircraft industry in Canada.

At the end of the Second World War, the Canadian government decided not to acquire bombers but only defensive interceptor aircraft. They purchased 85 Vampire II jets from Great Britain and 130 Mustangs from the United States. Looking towards the future, the RCAF made a survey of all fighter aircraft in

various stages of construction and determined that none were suited for Canadian conditions. As a result, C. D. Howe, Minister of Trade and Commerce, asked A. V. Roe (Canada) Ltd., a subsidiary of Hawker Siddeley of England, to design and build an interceptor to meet Canadian needs.<sup>11</sup>

The Avro CF-100 fighter was begun in 1948, the first airframe to be built and designed in Canada. The government had already asked Avro to begin developing a commercial jetline; between 1947 and 1951 this project cost around \$9 million of which \$6.5 million had been provided through a government grant.<sup>12</sup> At this time a decision had to be made, and C. D. Howe decided that stress should be placed on the CF-100 and the jetliner programme was cut back. As it turned out the only competition for the civilian aircraft would have been a British short-range jet, and Canada would have established a strong position in the future market and a more stable beginning in the aircraft field.

The Avro CF-100 was an expensive aircraft; it absorbed \$120 million before a single flight was made. Up to 1958 over \$540 million had been invested, and the final price came to about \$700,000 apiece.<sup>13</sup> This was quite high when compared to the cost of other available fighter aircraft. For example, the U.S. Sabre Jets, which were being produced at the Canadair plant in Montreal under a licensing programme, only cost about \$289,000.<sup>14</sup>

The production of the CF-100 was also slow. The first prototypes were delivered in 1951 but had to be returned to correct "operating weaknesses." The delays led C. D. Howe to cancel the Jetliner and resulted in a change in top management at Avro.<sup>15</sup> The first squadron was not operational until April, 1953; the last was formed in November, 1954. By the time they were in operation, many believed they were incapable of combating the new Soviet TU-16 "Badgers" that had been revealed at the 1954 Moscow Air Show.

**In spite of the problems associated with the CF-100, in 1953 the St. Laurent Government asked Avro to proceed with a second interceptor, designated the CF-105 Arrow.** According to Lieutenant General Guy Simonds, "the combined vested interests of the Air Force, the aircraft industry and defence research scientists, burning with zeal to participate in a project they could call their own, coupled with the known desire of ministers to maintain a defence effort with a strict manpower ceiling, swept aside any opposition to this venture."<sup>16</sup> **The RCAF pointed out that no equivalent aircraft was under way in either Great Britain or the United States, and assured the Cabinet that the U.S. would buy the Arrow. The Defence Production Board was more skeptical, noting that no solid promise had been made.<sup>17</sup>** However, the government proceeded.

**As production progressed, costs began to spiral. The original goal was 400 aircraft, fitted with an engine from either the United States or Great Britain and a weapons-system from the United States.** The original estimate was between \$1.5 and \$2 million per plane. This changed with the decision by A. V. Roe to develop their own engine through their subsidiary, Orenda Engine Co. The U.S. Navy decided to drop the Sparrow II missile, and the Canadian government decided to continue the project on its own.

***The hoped-for American communication and electronics system did not materialize, and again Canada proceeded alone.*** The number of aircraft to be ordered by the Canadian government was reduced, and economics of scale became an increasingly important factor.<sup>18</sup> The first aircraft was revealed on October 4, 1957, the day the Soviet Union launched Sputnik I. The first successful test flight was made on March 25, 1958, the year that it was scheduled to replace the CF-100.

*The final decision to discontinue the Arrow was made on February 20, 1959.<sup>19</sup>* By that time \$400 million had been spent on the development stage. The cost for the 206 aircraft ordered by the Canadian government would have been \$2,289 million. With the originally planned fire control and weapons-system, this would have been \$12.5 million per plane; with an alternative or modified system, the cost could have been reduced to about \$7.8 million.<sup>20</sup> The cost was simply prohibitive, and the Diefenbaker Government had no real choice. The Lockheed F-104G Starfighter, which was subsequently purchased by Canada, cost around \$1.5 million per plane.<sup>21</sup> In 1966, at the height of demand for this type of aircraft brought on by the Vietnam War, most of the American interceptors and fighter-bombers cost between \$1 and \$2.5 million.

In addition, as with the CF-100, there was the question of time-lag. In 1958, before the Arrow had reached the production stage, many felt that there was little need for an anti-bomber interceptor. The Arrow would not have been ready for operation until 1962, and by that time it was predicted that the chief threat to the United States would come from ICBMs. As Blair Fraser reported at the time, "even the warmest advocate in the RCAF tended to fall back on economic arguments—the jobs it would create, the drain on the U.S. dollar reserves that any alternative would cause, the value of nourishing a Canadian aircraft industry. Nobody really contended with any vigor or conviction that we'd be safer with the Arrow than without it."<sup>22</sup> If it was necessary to have an interceptor aircraft by 1962, it would undoubtedly be possible to purchase one from the United States at a fraction of the cost. **One of the reasons that the United States did not buy the Arrow was that they had decided to produce the F-106 Delta Dart, a close approximation of the Arrow.**

**The failure of the United States to buy the Arrow doomed the project. Yet there was really little reason to expect the United States to buy a major weapons-system from a foreign country.<sup>23</sup> Furthermore, by this time the United States was concerned about the Soviet ICBM, and was channeling research into an anti-ballistic missile programme. In addition, the Arrow competed with the Bomarc anti-bomber missile and the Semi-Automatic Ground Environment System (SAGE) that the United States was promoting for NORAD at that time.<sup>24</sup> As for the defence of the SAC bases, the U.S. government felt that its own aircraft, already in operation, were adequate for the requirement and certainly more economical.<sup>25</sup>**

The Canadian government concluded from this experience that "as weapons become increasingly complex and costly, the independent development of major military weapons systems by Canada no longer seems possible."<sup>26</sup> This conclusion was supported by independent observers as well.<sup>27</sup> However, it was argued that there was still a need for an interceptor aircraft, at least for identification of unknown aircraft, a daily function of NORAD.<sup>28</sup> But this task did not justify the costs of the Arrow.

**The problem of whether or not to acquire an interceptor for NORAD was not resolved until June 12, 1961, when the acquisition of 66 McDonnell F-101B Voodoos from the United States was announced in conjunction with a production order of F-103 Starfighters for delivery to U.S. allies in Europe.<sup>29</sup> The more significant decision was that of acquiring the Starfighter for use by the First Air Division in Europe. This was part of an agreement for Canada to assume a nuclear strike role in NATO, a dramatic change from the defensive position. This decision was quite controversial and was**

**strongly opposed by many Canadians in subsequent years. There can be no doubt that this decision was made more likely by the failure of the Arrow, the need to replace aging Canadian aircraft in Europe, U.S. pressure for Canada to take the nuclear strike role, the necessity of finding a project to keep Canadair in business, and the willingness of Lockheed to agree to grant Canadair a licensing arrangement for production of the Starfighter. The U.S. government also used the pressure of the NATO defence contracts as a means of satisfying payment for the Voodoos.**

The Starfighter was certainly one of Lockheed's most successful programmes. Production involved 25 major aircraft firms, six engine manufacturers, and 36 electronic companies in seven countries. A total of about 1,700 aircraft were built. In addition to Canadair, major Canadian participants in the contracting included Hawker Siddeley, Brunswick of Canada, Canadian Car, and Roy Industries.<sup>30</sup> The government of Canada bought \$420 million worth of Starfighters for the RCAF, and Canadair produced another \$200 million worth for NATO. As Ernie Hemphill noted, "bringing the highly advanced Lockheed design CF-103 and its sophisticated weapons system into production in Canada was a stimulating shot in the arm for the then sagging Canadian Aviation industry."<sup>31</sup> While there was some dissent at the time, it was not until later that the full impact of the policy implications of the weapons-system was realized.

(...)

**Additional controversy centered on the performance capability of the aircraft bought. The RCAF strongly supported the McDonnell F-4 Phantom, the strike aircraft used by the United States in raids on North Vietnam. The Government ruled this out because of the relatively high cost of the Phantom, \$2.5 million. The performance of the Northrop F-5 was subject to heated debate in the House of Commons in February, 1966. Douglas Harkness, former Conservative Minister of National Defence, related all the defects noted by independent studies.<sup>37</sup> Harold Winch of the New Democratic Party asked why "Canada must spend hundreds of millions of dollars to make Canada a junkyard for obsolete United States equipment," recalled the recent examples of the purchase of the Bomarc Missiles and the Voodoo interceptors, and noted that the U.S. military had refused to buy the Northrop F-5.<sup>38</sup> The reply of the Government seemed weak.<sup>39</sup> Pentagon officials embarrassed the Government by stating that the F-5 had not lived up to expectations in Vietnam and had been outclassed by the MIG-21.<sup>40</sup>**

(...)

In conclusion, it appears evident that Canadian governments have been most interested in supporting an aircraft industry in Canada. This has had a significant influence on their decision concerning what aircraft to purchase for the Canadian forces. They have been particularly interested in maintaining Canadair, and therefore have been more likely to purchase aircraft that could be built there on a licensing basis. The decisions on the Starfighter and the Freedom Fighter also brought basic changes in defence policy—a nuclear strike role in Europe, and a ground aircraft for Mobile Command. *The aircraft available did have an influence on policy. But at the same time it should be noted that the changes in Canadian policy paralleled military strategy in the United States. First, the U.S. moved to depend on tactical nuclear weapons in Europe, and urged this role on all NATO allies. Second, in the Kennedy-Johnson era U.S. policy was primarily concerned with developing a military capability to fight "wars of national liberation." American strategy obviously had a significant influence on Canadian thinking.*

#### **The Defence Production Sharing Agreement**

**In 1958 the Diefenbaker Government faced a very difficult decision with regard to the Avro Arrow. There were strong pressures to continue the programme regardless of the cost. In addition, this was**

**the peak of the recession in North America, and unemployment in Canada was running as high as 12%. As *Saturday Night* warned, a decision to drop the Arrow and lay off workers in the defence industry would only add to the problem.<sup>46</sup> When the Arrow was abandoned, the Canadian government in effect announced that no more major weapons-systems would be undertaken by Canada. But there was agreement that something had to be done for the arms industry. On August 29, 1958, an exchange of notes between Canada and the United States created a Cabinet-level Canada-United States Committee on Joint Defence. The end result was the Defence Production Sharing Agreement of the following year.**

Production co-operation between the two countries in the area of military procurement had been first instituted during World War II, the famous Hyde Park Agreement of April 20, 1941. During the war the U.S. government placed military orders in Canada of around \$1,250 million. The committees established to implement this agreement were disbanded at the end of the war, but there were pressures to continue some form of defence sharing.<sup>47</sup> In 1948 the Joint Industrial Mobilization Committee was created to advise on these matters. However, the initiative for the New Hyde Park Agreement came from the Permanent Joint Board on Defence. In late 1949 they began to draw up the plans; it received the support of the Prime Minister, M. St. Laurent, several months before the outbreak of the Korean War.

**The Statement of Principles for Economic Cooperation<sup>48</sup> broke down traditional barriers of sovereignty between the two countries. Its purpose was to guarantee the United States a stable source of strategic raw materials, to bring about standardization of military equipment between the two countries, and to enable the arms industry in Canada to make sales to the United States. The programme exempted Canadian industry from the "Buy American" Act in specified areas of military hardware, and granted them access to certain classified U.S. information. In principle, it was far-reaching. It called for the two countries to develop "a coordinated programme of requirements, production and procurement." It went on to call for the removal of "barriers which impede the flow between Canada and the United States of goods essential for the common defence effort. . ." Because of the difference in power between the two countries, and the difference in the basic structure of their economies, such a policy could only have a significant influence on Canadian economic development and political sovereignty.**

**From 1951 through 1958, the two countries attempted to balance off the military procurement under this programme. The United States spent around \$586 million in Canada; Canada spent around \$690 million in the United States.<sup>49</sup> For the Canadian industry, the results were not as great as expected. In 1958, when the Diefenbaker Government was confronted with the political necessity of finding an alternative to the Arrow, the United States expressed a willingness to extend the principles of 1950. The change was tied in with U.S. desires to introduce the Bomarc and the SAGE system into NORAD. The 1959 Defence Production Sharing Agreement went further than that of 1950, seeking to open up the area of defence sub-contracting to Canadian industry. The purposes of the agreement are described by the Department of Defence Production:**

(") The immediate objective is to increase the participation of Canadian industry in the production and support of North American defence weapons and equipment. The continuing long-term objective is to co-ordinate the defence requirements, development, production and procurement of the two countries in order

to achieve the best use of their respective production resources for their common defence, in line with the concept of interdependence and the integration of military arrangements.")<sup>50</sup>

*(The British journal) The Economist saw this as an attempt "to keep Canadian industry in the stream of technological advance by fitting it into the American industrial complex as a producer of components."*<sup>51</sup> The first result of the new programme was that the "systems manager" for the Bomarc missile, Boeing Aircraft Company, granted Canadair of Montreal a contract to build wings and ailerons for missiles to be placed in both Canada and the United States.<sup>52</sup>

**From 1959 through 1967, the Canadian government procured \$1,608 million worth of contracts and subcontracts in the United States, and in turn the U.S. Government amount totaled \$1,799 million.**<sup>53</sup> The importance of this trade to Canadian exports is most important: between 1959 and 1965, the contracts under the Defence Production Sharing Agreement amounted to between 26% and 68% of Canada's inedible end-product exports to the United States.<sup>54</sup> The promotion of the defence industry is not just limited to trade with the United States, but also includes exports to "friendly" countries. Between 1962 and 1967 this amounted to \$437.6.<sup>55</sup> In recent years this has included shipping Buffalo aircraft to Brazil and Peru, Caribou aircraft to India and Malaysia, and frigates to Argentina. The total value of arms shipments by Canada is now reaching the total of \$500 million a year. This is most important in Canada's policy of promoting the export of manufactured goods, but it is also important to Canada's balance of payments problem. The U.S. programme produced a net balance for Canada of \$191 million down through 1967; but the overseas trade between 1962 and 1967 produced a net balance for Canada of \$197.4 million.

**The Department of Defence Production lists over 500 firms in Canada which participate in the programme of selling military products to the United States and bidding on U.S. contracts.**<sup>56</sup> It is reported that about 175 of these are devoting a , major proportion of their efforts to such contracts.<sup>57</sup> Most of the major U.S. weapons-systems bring substantial subcontracts to the Canadian industry. For example, the General Dynamics F-111 fighter-bomber (originally known as the TFX) provided work for Canadair, Garret Manufacturing of Toronto (for temperature control components), and Jarry Hydraulics (for production of the variable wing actuation system). The fact that Canada indicated that it was interested in purchasing a few of the huge Lockheed C-5A troop transports probably helped obtain subcontracts for Canadair, Dowty Equipment, Jarry Hydraulics, Lucas—Rotax, Fleet Manufacturing, Herous Machine, Leigh Instruments, Timmins Aviation and Dominion Rubber. United Aircraft of Canada, a subsidiary of the U.S. Corporation based in Hartford, Conn., produced the PT-6 jet engine which was used in many aircraft bought by the U.S. Army. De Havilland of Canada, a subsidiary of De Havilland of England, has been a major exporter of aircraft to the United States. Between 1951 and 1963, the U.S. Army spent over \$200 million for many Otters (the total not publicly known), 968 Beavers, 159 Caribous, and two prototypes of the new Buffalo.<sup>58</sup> During this period the U.S. army accounted for 87% of their productive capacity.

**Support for this programme comes from the Canadian Commercial Corporation, now a part of the Department of Industry, Trade and Commerce. The International Programmes Branch, with nine offices in the United States, promotes and facilitates bidding by the Canadian industry on U.S. contracts. This office also promotes sales to "friendly" overseas buyers.**

**In an economic sense, the integration of the arms industry has been a success. It has stimulated manufacturing in Canada, it has expanded our exports of manufactured goods to the United States, and it has eased our balance of payments problem. But it has also created a number of problems. The integration programme has stimulated the American takeover of the firms manufacturing arms. The free trade area in this industry has created problems of sovereignty as Canadian-produced arms are used by the United States in the wars in Vietnam and elsewhere. But perhaps of more significance is the fact that the arms policy has led the federal government to channel most of its export and development aid in industry to the arms manufacturers, and that the arms industry in general has utilized most of its own research and development funds in the area of arms, development. The federal government has strongly supported this policy, to the extent of providing considerable funds for research in the controversial area of chemical and biological warfare. In making any assessment of the government support of an arms industry, these other factors must also be considered.**

### American Control of the Arms Industry

**Most Canadians are aware of the extent to which the United States owns and controls the economy. As Bruce Wilkinson has stated, "no nation in the world has as large a proportion of its industry owned and controlled by foreigners as has Canada."<sup>59</sup> The percentage of capital investment under foreign control in 1963 was 60% in manufacturing, 74% in petroleum and natural gas, and 59% in mining.<sup>60</sup> The arms industry is certainly no exception. In the same year the aircraft industry was 78% foreign-controlled and the electronics industry 77%.**

**In view of the general trend in Canada, the arms industry would most likely have come under the control of American interests; but this development was undoubtedly spurred on by the Defence Production Sharing Agreement. As Canadians discovered in the Arrow case, it is very difficult for a Canadian firm to compete with the United States in the building of major weapons-systems. But this carries over to small arms as well, as the United States generally follows a policy of buying American products when they are available. When one remembers that much of the purchase of arms by foreign countries is linked to the U.S. Military Assistance Programme, the problems faced by a small country in the arms business becomes evident. In fact, even Great Britain is having difficulty in competing with the U.S. giants, with their tremendous expenditures in research and development.**

(...)

**De Havilland of Canada for some time resisted this trend. It was able to survive without U.S. ownership or partnership because of the availability of large purchases from the U.S. Army. However, this changed in 1967 when the balance of payments problem in the United States led to government pressure to build large weapons-systems in the United States. De Havilland did not get its expected order for the purchase of \$100 million worth of Caribou and Buffalo aircraft. Shortly thereafter, De Havilland sold its Malton plant to Douglas Aircraft Co. of Santa Monica, California, and through this decision acquired some stability due to regular contracts to build wing and tail sections for the large DC-8s, DC-9s and now DC-10s.**

**Another example is Orenda Division of Hawker Siddeley, a British firm. They were quite successful in producing first-rate jet engines. But they found the fluctuations too great, relying solely on the Canadian market and possible sales to the United States. In late 1966 they sold 40% interest to**

**United Aircraft Corporation of East Hartford, Conn., and obtained contracts to build Pratt and Whitney jet engines for use in big jets in the United States, both civil and military. In addition, they obtained the subcontract to produce engines for the CF-5 to be produced at Canadair, in Montreal.**

(...)

**More recently, Canadian Marconi Company became part of the American conglomerate structure.** This company had a long history of success in broadcasting and ship-to-shore communications, had provided the first direct link between Europe and North America, and had produced the Doppler Radar Navigation equipment. Slightly over 50% of their stock was held by English Electric Company, which in 1969 was acquired by General Electric Co. of Great Britain. GE is one of the largest U.S. military contractors. Another Canadian firm, Canadian Aviation Electronics of Montreal, in a slightly different approach, entered into a partnership with Le Materiel Telephonique, one of France's leading producers of airborne electronics equipment, to jointly develop a simulator for the Concorde, the British-French supersonic jet transport.

**While this integration — which is widespread — may help immediate sales to the United States, it also creates problems. For example, the Export Credits Insurance Corporation, a federal agency which assists the financing of exports to foreign countries, insists that the products supported be 80% Canadian in content. This has become a target figure which the integrated Canadian arms industry finds more and more difficult to meet. For example, in February, 1969 the Corporation rejected an appeal from De Havilland for financing the sale of \$200 million worth of Buffalo aircraft to India. The Corporation could not approve the financing of the deal because 40% of the aircraft is non-Canadian content.<sup>61</sup>**

**The same problem applies to Canada's foreign aid programme. Most of Canada's foreign aid programme is tied, i.e. the recipient must purchase goods and services in Canada. The government now requires a 66.7% "Canadian Content" rule for such purchases. While this may be liberal compared to other countries, most products associated with the integrated arms industry would have great difficulty in reaching this standard.**

As in the United States, those who receive the preponderance of arms contracts from the federal government tend to be concentrated in the large contractors. Professor Gideon Rosenbluth's breakdown for fiscal year 1962-63 showed that 22 firms received almost one-half of all the government contracts.<sup>62</sup> **But what is also significant is the fact of domination of foreign firms in the industry: Of the 22 firms listed by Professor Rosenbluth, the 12 U.S. firms received 62% of the orders, the 4 British firms, 22% and the 6 Canadian firms, 14%.** Of the Canadian firms in the arms industry, the most significant are associated with shipbuilding.<sup>63</sup>

**The implications of this policy are obvious. The Canadian public is called upon to support an arms industry whose profits do not go to Canadians. They are also asked to pay for development grants, exports grants and assistance, and grants for research and development, most of which go to foreign firms. In the area of support for research and development, the results may not even be applied in Canada.**

Furthermore, integration has brought the arms industry in Canada under foreign control as regards export sales. Canadian subsidiaries of U.S. firms are subject to the controls of American laws. This means, for example, that Canadair may not export any military equipment to any foreign country without the approval of the International Logistics Negotiations Section, International Security Affairs Division, U.S. Department of Defense. This also applies to products produced in Canada under lease from U.S. firms. For example, Canadair of Montreal, even if it were not an American subsidiary, could not sell the CF-5 to The Netherlands without the approval of the U.S. Defense Department. If they had so desired, the U.S. Defense Department could have blocked the sale and insisted that The Netherlands buy directly from the Northrop Corporation in the United States. In July, 1969 De Havilland reached an agreement to build the Buffalo aircraft in the United States, by North American Rockwell Corporation, on a leasing basis.<sup>64</sup> It will be interesting to see if the Canadian government maintains similar controls over production and sales in the United States.

There is no doubt that the Defence Production Sharing Agreement has hastened the continental integration of this important segment of the economy. In commenting on the original agreement in 1959, (*the conservative British journal –Ed.*) *The Economist* noted that "industrial integration between Canada and the United States is a direct contradiction of the dream of 'diversion' which Mr. Diefenbaker once had." They noted that political leaders in Great Britain thought this "may be the decisive step in clinching Canada's practical dependence upon the United States—conclusive in the economic sphere, and increasingly influential in the political field." As for the promised benefits of arms production integration, they wondered "whether after five or ten years of this integration Canadian industry will be sufficiently distinct from American industry for its technology to have any importance."<sup>65</sup>

The armaments industry in Canada felt that its greatest threat came in the 1963 federal election. The relations between the two countries on defence matters was at a crisis peak. Maurice Cutler, writing for Canadian Aviation, remarked that the Hyannisport meeting between President Kennedy and Lester Pearson after the election lifted the clouded atmosphere and revealed "wider opportunities for Canadian industries relying on defence contracts." Mr. Diefenbaker's reluctance to take nuclear weapons "resulted in an unfavourable attitude in Washington toward expanding the programme. . . ." He concluded: "Now that Canada's defence policies are moving more into line with the role the Pentagon would like us to perform, it's fair to assume that Washington will be more apt to hand more contracts this way."<sup>66</sup> That proved to be a correct analysis.

### **Canadian Arms in Vietnam**

The second major problem arising out of the defence production sharing agreements is associated with the fact that arms manufactured in Canada are used by the United States in that country's overseas wars. This results in Canada's giving direct, material support to U.S. military policy whether we want to or not. The issue has made the headlines with the intensification of the U.S. war in Vietnam.

The public first became aware of the problem in January, 1966 when the Department of External Affairs refused an export license to De Havilland for shipping spare parts directly to Vietnam where

two Buffalo transport-aircraft were undergoing tests by the U.S. army.<sup>67</sup> *The Financial Post* reported that the action "made Washington mad. It scared the daylights out of the defence production officials in Ottawa."<sup>68</sup> This particular crisis was solved by shipping the parts across the U.S. border, where no export license is required. From there they were shipped to Vietnam. The Canadian government, following its policy of not shipping arms to trouble spots, refused a direct shipment. The Prime Minister, Lester Pearson, argued that Canada would stand behind the Defence Production Sharing Agreement. There was no conflict in policy, he argued, because after the arms were shipped to the United States, Canada had no control over where they were used.<sup>69</sup> This stand was emphasized by C. M. Drury, then Minister of Industry.<sup>70</sup>

The question again made the headlines in July, 1966 when the U.S. Secretary of Defense, Robert McNamara, announced at a press conference that he had canceled a contract for "aerial bombs" from a Canadian firm. Mr. McNamara was making the point that enough were already in stock and that cancellation would help the U.S. balance of payments problem.<sup>71</sup> After this second incident, there was more research into the extent of Canadian support for the U.S. war in Vietnam. Sales to the United States have increased significantly since the large-scale involvement around 1965. From 1959 through 1964, the U.S. bought \$915 million worth of arms in Canada. From 1965 through 1967, U.S. purchases totaled \$874.3 million.

Most of the Canadian industry which participates in the Defence Production Sharing Agreement is involved in some way in the U.S. war effort in Vietnam, even if only through supplying component parts.<sup>72</sup> The more dramatic contributions have been widely reported, a few of which area as follows: (1) British-owned Canadian Industries Ltd., manufactures rocket and artillery components for the U.S., plastics, and other explosives. The Valleyview Quebec plant produces explosives which were shipped to the U.S. Naval Ammunition Depot at Crane, Indiana, and packed into "slow drag" bombs which were then dropped on North Vietnam. (2) Canadian Arsenals Ltd., a federal Crown Corporation, sells small arms, fill for artillery shells, mines, bombs, grenades, torpedo warheads, depth charges and rockets to the U.S. government. (3) De Havilland of Canada has sold many aircraft to the U.S. which are used in Vietnam and elsewhere in counter-guerrilla warfare. On March 15, 1967, it was reported that the Australians used Canadian-built Caribous to drop 880 gallons of gasoline [*a reference to internationally banned anti-personnel napalm? --ed.*] on a "suspected guerrilla concentration" in South Vietnam. (4) Naugatuck Chemicals, a subsidiary of Uniroyal at Elmira, Ontario, produces chemical defoliants for "Operation Ranch-Hand" in South Vietnam. (5) Ingersoll Machine & Tool in Ontario produces aircraft rockets for air-to-ground attacks in South Vietnam. (6) And St. Lawrence Manufacturing of Quebec, owned by General Investment Corporation of the Province of Quebec, sells ammunition to the United States.

These are only a few of the more dramatic examples. Most firms are involved through subcontracts. For example, Dow Chemical of Canada produces polystyrene, which is a major component of napalm; Magna Electronics produces missile components; Bristol Aerospace sells jet-assist takeoff motors for military use as well as fuel propellants; Cyanamid of Canada produces artillery propellants; and General Impact and Extrusion Mfg., Ltd., has produced cartridge cases and bomb bodies. On another level, Bata sells army boots to the U.S., Dorothea Knitting Mills makes the famous green beret, and Hiram Walker exports whiskey to Vietnam. Everyone can make a profit.

**As has often been noted, these arms and components are not of vital need to the United States. Substitutes could easily be purchased from firms in the United States. What is of more importance to the United States is Canada's supply of strategic war materials.** The U.S. Joint Chiefs-of-Staff describes a strategic material as one "required for essential uses in a war emergency, the procurement of which in adequate quantity, quality or time, is sufficiently uncertain, for any reason, to require provision of the supply thereof." **With natural resources rapidly being depleted in the United States, Canada assumes an important role.** For, the year 1962, before the intensification of the U.S. war effort in Vietnam, Professor Rosenbluth estimates that U.S. military demand accounted for "14% of the metal mining and smelting and electrical apparatus, 10% of coal mining petroleum and natural gas, and 7% of the output in primary iron and steel and non-ferrous metal products."<sup>73</sup> *The (Toronto) Financial Post has noted the effect of U.S. war demand on the export of Canadian raw materials and semi-finished metals since the 1965 escalation. In 1966 there was a 574% increase in the export of copper, bronze, and brass scrap metal; an 81% increase in the export of copper products; a 54% increase in the export of steel products; and U.S. nickel needs are so great that there is a constant shortage in Canada.*<sup>74</sup> *Cy Gonick, Professor of Economics at the University of Manitoba, noted that:*

*(") Between 1962 and 1965 Canadian exports of iron ore rose from \$178 million to \$285 million; exports of aluminum from \$55 million in 1961 to \$156 million in 1965; nickel from \$151 million in 1961 to \$202 million in 1965; sheet and strip steel from \$9 million in 1961 to \$42 million in 1965. These increases are not normal. They are, to a large degree, directly related to the war in Vietnam.*  
*(")<sup>75</sup>*

*The Financial Post estimates that in recent years around \$500 million worth of strategic minerals have been sold to the United States to build up their military stockpiles and for direct military use.*<sup>76</sup> **Debate in Canada has also centered on the question of whether the Defence Production-Sharing Agreement compromises Canada's political sovereignty. Canada maintains no control over what the U.S. Government does with weapons after they have received them from Canada. In the Vietnam situation, this has been particularly embarrassing. Canada is a member of the International Control Commission (ICC) established at the Geneva Conference in 1954 to supervise a cease-fire in Indochina. The fact that Canada supplies arms to the United States, which is grossly violating the 1954 Agreement, has tarnished our image as a supporter of international peacekeeping activities and has made it more difficult to claim to be an impartial independent member of the ICC. In early February, 1967 the government of North Vietnam sent a note of diplomatic protest to the Canadian government over the sales of arms to the United States which were being used against the people of Vietnam.**

**The practice with regard to the United States conflicts with two general policies that Canada has maintained since the Palestine dispute after World War II. First, the Canadian government supposedly prohibits the sale of arms to international "trouble-spots, and second no arms are to be shipped to areas where Canadians are engaged in peacekeeping operations. In fact, Canada once proposed a United Nations ban on shipment of arms from all countries to areas where there are U.N. peacekeeping operations.**

**There are a few known occasions when the Canadian government has enforced this policy. It was reinforced in 1956 when the opposition in the House of Commons revealed that the Government has authorized the sale of arms to both Israel and Egypt. In 1960 Mr. Diefenbaker banned the shipment**

**of arms to Portugal, even though a member of NATO, because of their military policy in Angola and Mozambique.** In 1965 Canada halted the sale of 12 Otter transports to West Iran, part of Indonesia, because of "confrontation" with Malaysia. No arms have supposedly been shipped to either Pakistan or India because of their continuing conflict over Kashmir. In 1961 Canada agreed to produce F-104 Starfighters for Greece and Turkey, with three-quarters of the cost being paid by the United States. Yet in 1965 Canada temporarily refused to export them because of the increasing tension over Cyprus. In August, 1966 it was learned that some obsolete Sabre Jets, which Canada had sold to West Germany, had made their way to Pakistan via Iran. At the time the Department of External Affairs said that subsequent sales of arms to third countries can only be made with the approval of the Canadian government. **Thus the policy has been followed on occasion, but never with regard to the United States.**

The political opposition to this programme seemed to reach a peak in late 1966 and early 1967, when the public was most concerned about the American bombing of North Vietnam. The official position of the Government was presented by the Prime Minister, Lester Pearson, in a letter to the university professors in Canada who had started a petition drive to end the 1959 Agreement:

*(") For a broad range of reasons . . . it is clear that the imposition of an embargo on the export of military equipment to the U.S.A., and concomitant termination of the Production Sharing Agreements, would have far-reaching consequences which no Canadian Government would contemplate with equanimity. It would be interpreted as a notice of withdrawal on our part from continental defence and even from the collective defence arrangements of the Atlantic Alliance.(")<sup>77</sup>*

The Government's position was reiterated by the Secretary of State for External Affairs, Paul Martin. First, he said he was unaware of any Canadian arms going to Vietnam. Then he added, "I only know the Americans are sending arms all over the world. They're going to defend Canada. The important thing is that not any shipments are going directly from Canada to Vietnam."<sup>78</sup> He added that "It's all very well to talk about Vietnam, but what about Canada? Canada has an economic life to live. Canada has obligations. We're not in any way shunning our responsibility." The 1959 agreement with the United States could not be abrogated. Defence-sharing is only one reflection of our interdependence with the U.S. economically and militarily; to pull out would endanger both our economy and our safety.<sup>79</sup> This is a policy continued by the Trudeau Government. During his campaign for the leadership of the Liberal Party, Mr. Trudeau continually stressed that Canada should put more emphasis on continental defence cooperation and strongly opposed any embargo on the shipment of arms to the United States.

### **Government Support for the Arms Industry**

**The impact of the alliance system and the Defence Production Sharing Agreement carries over to the area of government support of research and development.** The programme of using public funds to make grants to private enterprise to develop weapons-systems became a spending priority of the Canadian government when C D . Howe was Minister of Trade and Commerce. The general philosophy of this approach has been continued by the more recent Governments. For example, C. M. Drury, Minister of Industry during the Pearson Government, stressed that the programmes for closing the Research and Development ( R & D ) gap between Canada and Europe would be "compatible with the institutions of our free-enterprise economy. The government will provide a general incentive of grants available to all

companies making capital expenditures or increasing their current expenditures on R & D."<sup>80</sup> This assistance is now available through a variety of programmes.

**As Professor Rosenbluth has noted, various public subsidies to private enterprise existed long before the major programmes associated with the Defence Production Sharing Agreement of 1950.** These included accelerated depreciation allowances, direct grants of "capital assistance," the free use of publicly owned machinery for defence production, and the sale of publicly owned equipment and plants to private enterprise.<sup>81</sup> By 1962 all current and capital expenditures for "scientific research" were tax deductible.

(...)

(...) From fiscal year 1962 through 1967, the NRC approved grants totaling \$21,690,000. It is not possible to easily classify these grants as "civilian" as opposed to "military," as many of them have military uses. For example, under a grant from the National Research Council Raytheon of Canada, a branch plant of the Lexington, Mass. firm, developed the AN/MPQ-501 Counter-Mortar Radar, capable of tracking and spotting mortars, rockets and other artillery, ideal for counter-guerrilla warfare.

**Research and development in Canada has been heavily influenced by the alliance system and the attempt of the government to create an arms industry in Canada.** The extent of this influence has been noted by Professor N. H. Lithwick of Carleton University. In 1963 in Canada, the government, through public funds, provided 54% of the funds supplied for research and development.<sup>83</sup> Of all the areas of government-financed research and development, 34.1% were directly associated with "military science." Another 18.4% went to research in nuclear science, space, and communications, not unrelated to the military.<sup>84</sup> The percentage is even more pronounced when it is limited to industrial research and development, the most necessary area of growth in Canadian development. The overwhelming bulk of support here goes to the military sector. Professor Lithwick concludes that "while support of non-military R & D has increased, it is still of minor importance in the total. Of the four assistance programmes mentioned above, less than 10% of the total of \$117 million spent down through 1966 went for non-military research and development."<sup>85</sup>

*In the past couple of years, strong opposition to this programme has been voiced in the House of Commons by Ed Broadbent (NDP—Oshawa—Whitby). He criticized the fact that the existing programmes gave greater incentives to engage in arms manufacture than in civilian enterprise. (This was changed in March, 1970.) He objects to the fact that this is supporting a war-oriented economy. Like many others, he has suggested that Canada get out of the business of manufacturing arms and buy our weapons on the open market, like the great majority of countries. The policy of the government is promoting a military-industrial complex; it is using taxpayers' money to provide outright grants to those who have "properly been called merchants of death."<sup>86</sup>*

(...)

#### **Chemical and Biological Warfare**

**The most controversial programme of the Canadian government is that associated with the development of techniques for chemical and biological warfare (CBW).** Canada has a division-of-labour alliance with Great Britain, the United States and Australia for the joint development of agents, and for the mutual sharing of information. While the extent of the Canadian government's

**involvement in this business is a closely guarded secret (for obvious reasons) the public does know that the CBW activities of the Canadian Defence Research Board constitute the largest single programme in their budget.**

**The nervousness of the Canadian government over this programme is due to the fact that the production and use of gases and other chemical weapons have been condemned by international law for a long time at least since the Hague Declaration Respecting Asphyxiating Gases in 1899.** A subsequent resolution adopted at the 1907 Hague Conference prohibited the use of poisons or poisoned weapons, and this was included in the peace treaties that ended World War I. The general wording of the Versailles Treaty on this subject is still used today: "the manufacture and use of asphyxiating, poisonous or other gases *and all analogous liquids, materials or devices* is prohibited." (emphasis added) This wording was included in the agreement of the Washington Conference of 1922, the Geneva Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or other Gases, and of Bacteriological Methods of Warfare signed in 1925, and the 1932 General Commission of the Disarmament Conference. According to the theory of international law, all countries are obliged to follow principles which have been established by custom and have been codified, regardless of whether or not they have signed a specific declaration. The United States has not ratified the Geneva Protocol of 1925, and therefore claims it is not bound; however, Canada has signed and ratified the declaration.

*Nevertheless, Canada has a long history of involvement in the development of CBW. This was expanded during World War II, when cooperation with the United States began even before that country was a belligerent.<sup>94</sup> (...)*

**In 1941 Canada began to manufacture her own mustard gas at a special plant established at Cornwall, Ontario. In 1941 the research centre was established at Suffield, Alberta, which manufactured and stockpiled phosgene and mustard gas – both deadly nerve gases.<sup>95</sup>** During the war the Suffield station experimented with mortars and weapons with chemical and biological warheads, the use of smoke, flame warfare, bacteriological warfare, ballistics, and mortars.<sup>96</sup> After the war this operation drifted until the heightening of the Cold War in 1950. At that time "most of the field trials of chemical warfare agents which were being conducted in the free world were done at Suffield."<sup>97</sup>

*Controversy over Canada's role in the production of CBW has increased due to the wide use of chemical weapons by the United States in the war in Vietnam, and the revelation that Canada has helped develop these weapons.* For example, on June 22, 1968, Dr. Steven Rose, a biochemist at Imperial College, London, revealed that the irritant or nerve gas known as CS had been developed in Great Britain, tested in Canada, manufactured in the United States, and was widely being used in Vietnam. The "improved" version, CS-2, it was revealed, is a lung gas far more painful than the similar chemical gases in use at the time of the Geneva Protocol in 1925. Dr. Matthew S. Meselson, professor of biology at Harvard, revealed that between 1964 and 1969 the U.S. Defense Department had purchased enough CS gas to more than spray the entire area of South Vietnam. Furthermore, CS-2 is treated with a water resistant silicone, which allows it to remain active long after it is spread; people walking along kick it up off the ground.<sup>98</sup> The spokesmen for the U.S. Defense Department, and the Defence Research Board in Canada, claim that this is only a temporary incapacitator, and is "non-lethal," therefore outside the 1925 Geneva Protocol. However, studies of the use of CS in Northern Ireland have shown that it has resulted in prolonged illnesses. And when used against civilians that

are not in top physical condition — such as Vietnamese children, old people and pregnant women — it does result in deaths.

*Canada has also participated extensively in the development of "herbicides" or defoliants which are widely used in Vietnam by the U.S. Government.* The most common is 2, 4, 5-T. According to U.S. Deputy Secretary of Defense, Cyrus Vance, this contains cacodylic acid, which includes 54% arsenic, which is necessary to kill plants which are more resistant to normal "weed killers" like 2, 4-D.<sup>99</sup> In February, 1970 the U.S. government revealed that 2, 4, 5-T had been banned for use in the United States because it causes birth defects. Huge areas of South Vietnam which are under "Vietcong control" have been sprayed with these "defoliants," including almost all of the heavily populated Mekong Delta. The effect of this effort to starve the "enemy" into submission can be seen from the fact that as late as 1964 South Vietnam had exported 49,000 tons of rice, but by 1968 was forced to import around 800,000 tons from the United States.

International concern has been growing. In July, 1969 the United Nations published a report on CBW weapons which was widely acclaimed. At the beginning of the U.N. General Assembly in December, 1969 a group of states introduced a resolution to recognize that the Geneva Protocol of 1925 prohibits both tear gas and defoliants, along with other more lethal chemicals, as weapons of war. The resolution, aimed at the war in Vietnam, was strongly opposed by the U.S. government, and needless to say did not receive the endorsement of the Canadian government. The Minister of National Defence, Leo Cadieux, told the House of Commons on November 25, 1969, that the government had no intention of discontinuing research into chemical and biological warfare as it was of a purely "defensive" nature.<sup>100</sup>

The position of the Canadian government is not surprising. As long as Canada is involved in the close alliance system with the United States, there is no reason why they should not cooperate with all the military programmes.<sup>101</sup> The Canadian Defence Research Board also directly participates in the NATO Defense Research Group, and it was revealed on December 5, 1968 and January 15, 1969 that the Laboratory for Microbiology of the Institute of Aerobiology in Graftschaft, West Germany, was engaged in the production of nerve and virus agents. The West German government, embarrassed because the 1955 pact bars production and development of these weapons, made it clear that this was a NATO project, shared with the other allies, including Canada. Dr. J. B. Reesor, director of research at Suffield, argues that the question of Canada's role in CBW is really a larger one: "Should Canada have any alliance with the United States?"<sup>102</sup> *The implication is once Canada has opted for a close military alliance with the United States, accepting her leadership of the "free world," then there is no reason to oppose any military programme which is used to support the greater end. This argument, repeated often by our spokesmen in Ottawa, justifies all economic integration with the United States.*

#### FOOTNOTES

1. Quoted in Dwight D. Eisenhower, *Waging Peace, 1956-1961* (Garden City, N.Y.: Doubleday, 1965),^ 616.
2. George F. G. Stanley, *Canada's Soldiers: The Military History of an Un-Military People* (Toronto: Macmillan Co. of Canada, 1960).
3. James Eayrs, *The Art of the Possible* (Toronto: University of Toronto Press, 1961), p. 70. The author's chapter, "The Military Establishment," is one of the few attempts to assess the influence of the Canadian military on foreign and defence policy invented here." He feels "this is the natural human tendency for a person (or agency) to be skeptical of

ideas or equipment which originate elsewhere, especially when those ideas or equipment are competitive with his own." "International Cooperation in Army Research and Development," *Military Review*, XLIII (January, 1963), 51. The United States refused to adopt the F.N. (Belgian) rifle, even after it was adopted by practically all the NATO countries. This was also the case with the Italian Fiat G.91 tactical fighter aircraft. John Gellner states that "every time a piece of military hardware that was not of American manufacture was to have been adopted, the United States opted out, if it did not try to sell a similar product of its own in competition with that chosen by the European allies." "The Truth About Skybolt," *Commentator*, VII (February, 1963), 5.

24. Melvin Conant, "Canada and Continental Defence: An American View," *International Journal*, XV, No. 3 (Summer, 1960), 225.
24. Pearkes, op. cit, 129.
25. Statement of D. A. Golden, Deputy Minister of Defence Production, September 3, 1960, cited by C. P. Stacey, "Twenty-One Years of Canadian-American Military Cooperation, 1940-1961," in David Deener, ed., *Canada-United States Treaty Relations* (Durham, N.C.: Duke University Press, 1963), pp. 116-117.
26. For example, see Melvin Conant, The Long Polar Watch (New York: Harper and Brothers for the Council on Foreign Relations, 1962), p. 156; and Ronald S. Ritchie, "Problems of a Defence Policy for Canada," *International Journal*, XIV, No. 3 (Summer, 1959), 209.
27. This role for the RCAF has been regularly supported by John Gellner. For example, see "The Defence of Canada," *Commentator*, II (December, 1958), 12. He also argued that the Arrow was superior to the Bomarc. See "Problems of Canadian Defence," Behind the Headlines, XVIII, No. 5 (1958), 8-9.
28. *House of Commons Debates*, VI (June 12, 1961), 6179-6180. Also see Stacey, op. cit., p. 117; Conant, The Long Polar Watch p. 60; Richard A. Preston, *Canada in World Affairs, 1959-1961* (Toronto: Oxford University Press, 1965), pp. 60-62; and John Gellner, "Who Makes Our Military Policy," *Commentator*, VI (December, 1962), 8.
29. "1000 Starfighters Built," *Canadian Aviation*, XXXVI (November, 1963), 31-32.
30. Ernie Hemphill, "Research and Development is the Key to Market Success," *Canadian Aviation*, XXXVI (December, 1961), 19.
32. Paul Hellyer, *White Paper on Defence* (Ottawa: The Queen's Printer, March, 1964), p. 12.
33. Speech of Paul Hellyer, *House of Commons Debates* (February 17, 1966), 1417.
34. **James Eayrs relates a meeting he had with a "very senior official" of the Northrup Corporation who told him that the Canadian order brought them joy as well as amazement, "Joy that the Canadians had bought the F-5 in such large quantities, amazement that we would have any useful purpose for it."** "Military Policy and Middle Power: The Canadian Experience," in J. King Gordon, ed., *Canada's Role as a Middle Power* (Toronto: Canadian Institute of International Affairs, 1966), p. 85.
35. Quoted by the Canadian Press, "CF-5 Could Be Deployed Third of Way Round World," *The Star-Phoenix* (Saskatoon), August 27, 1965, p. 1.
36. Quoted by the Canadian Press, "RCAF to Form CF-5 Squadrons," *The Star-Phoenix* (Saskatoon), September 19, 1966, p. 9.
37. *House of Commons Debates* (February 18, 1966), 1450-1451.
38. Ibid., 1453.
39. Peter Brannon came to Mr. Hellyer's defence in two articles: "One More Plea for Sanity and Continuity in Defence," *Canadian Aviation*, XXXVIII (November, 1965), 17; and "The Fuss Over Our New Jet," *Maclean's*, LXXIX (March 5, 1966), 2-3.
40. See C. Knowlton Nash, "Our Plane-Makers Run into Bad (U.S.) Weather," *The Financial Post*, February 5, 1966, p. 19; and Hanson W. Baldwin, "U.S. Planes Pass Vietnam Test, But Flaws Noted," *The New York Times*, April 3, 1966, p. 3.
41. Cited by J. H. Horner (PC—Acadia), *House of Commons Debates* (February 21, 1966), 1535.
42. It is likely that this is a deliberate policy of the U.S. Defense Department to keep Northrop in business and to keep open one more production line. At least one country, Turkey, was resentful, arguing that the F-5 was a poor second to the McDonnell F-4. See George C. Wilson, "Ky's Campaign Gets a Jet Assist," *The Washington Post*, April 2, 1967, Sec. C, p. 2.
43. Noted by Dave McIntosh of the Canadian Press, "Defence Chief Denies Aircraft Decision Caused Rift," *The Star-Phoenix* (Saskatoon), August 25, 1965, p. 16.
44. See Clive Baxter, "Decision on Fighter May Hurt, But . . ." *The Financial Post*, January 15, 1966, p. 3; "Big Markets for our Aircraft," *The Financial Post*, February 4, 1967, pp. 1, 4. The line of argument used here supports the thesis that the primary consideration in purchasing this aircraft was the economic benefit for Canadair and Canada's exports, not Canadian strategic needs.
45. Ken Romain, "Canadian Aircraft Makers Taxi into 1966 with Confidence Reviving," *The Globe and Mail* (Toronto), January 4, 1966, Sec. B, p. 5.
46. "Fateful Decision," *Saturday Night*, LXX (October 11, 1958), 56.
47. *Secret notes continued the programme*, but they were not made public until 1948.

48. Canada Treaty Series, No. 15 (1950), Statement of Principles for Economic Co-operation.
49. See Table XI, Appendix.
50. *Eighth Report of the Department of Defence Production*, 1958 (Ottawa: The Queen's Printer, 1959), p. 26.
51. "Dilemma for Canada's Defence Industry," *The Economist* (April 11, 1959), 136.
52. Ibid.
53. See Table XII, Appendix.
54. Wilkinson, op. cit., p. 72.
55. **Department of Defence Production, Chart 2, 1967 Annual Report (Ottawa: The Queen's Printer, 1968)**, p. 22. Canada has refused to sell fighter-aircraft to Tanzania, and this dispute led to the termination of the Canadian military assistance programme in 1969. In this case, the Trudeau Government chose to back Portugal, a NATO ally. Tanzania has been giving support to the African rebels in Mozambique. Clyde Sanger, *Half A Loaf* (Toronto: The Ryerson Press, 1969), pp. 74, 222-223.
56. See Department of Defence Production, Canadian Defence Products (Ottawa: The Queen's Printer, 1964); and Department of Defence Production, Canadian Defence Commodities (Ottawa: The Queen's Printer, 1967).
57. Quoted by Canadian Press reporter, Dennis Orchard, "U.S. Military Spending Aids Canadian Firms," *The Star-Phoenix* (Saskatoon), July 23, 1966, p. 23.
- 58 Jane's All the World's Aircraft, 1965-1966 (New York: McGraw-Hill, 1966), pp. 17-20.
59. Wilkinson, op. cit., p. 125.
60. Kari Levitt, Canada: Economic Dependence and Political Disintegration (Winnipeg: Canadian Dimension Publications, 1969), p. 67.
61. Clive Baxter, "De Havilland Sale to India Hits Air Pocket," *The Financial Post*, February 8, 1969, p. 18.
62. Rosenbluth, op. cit., p. 85.
63. Ibid., p. 86.
64. Clive Baxter, "U.S. Building Buffalo on De Havilland Permit," *The Financial Post*, July 12, 1969, p. 1.
65. The Economist, op. cit., 139.
- 66 Maurice Cutler, "High Hopes for Production Sharing," Canadian Aviation, XXXVI (June, 1963), 41.
67. **The Department of Defence Production describes the Buffalo as having "a world-wide self-deployment capability, which is a prime consideration in situations where the rapid availability of aircraft to meet emergency military situations . . . is vital." As a troop transport it seats 41 or 35 paratroopers, has been subjected to intensive military effectiveness evaluation programmes, including "actual warfare conditions in Vietnam."** Canadian Defence Commodities, p. 1-14.
68. "Two Canadas on a Collision Course," *The Financial Post*, January 15, 1966, p. 6.
69. Quoted by Arch MacKenzie of the Canadian Press, "Arms Sale to U.S. Delicate Issue," *The Star-Phoenix* (Saskatoon), July 20, 1966, p. 25.
70. House of Commons Debates (October 5, 1966), 8328-8329.
71. "McNamara's 'Tune' Makes Ottawa's Nerves Jangle," *The Financial Post*, July 16, 1966, p. 52. As it turned out, he was referring to component parts for an air-to-ground rocket known as Type 275.
72. See Walter Stewart, "We're Making Millions Out of Vietnam," *The Star Weekly* (May 27, 1967), 8-13; "What Vietnam War is Doing to Canadian Business," *The Financial Post*, October 14, 1967, pp. 1, 2; Philip Resnick, "Canadian War Industries and Vietnam," *Our Generation*, V, No. 3 (November-December, 1967), 16-29; Carol Ann Edwards, "Never Say I Didn't Know," *Canadian Dimension*, V, Nos. 2 & 3 (January-February-March, 1968), 10-13.
73. Rosenbluth, op. cit., p. 37.
74. "What Vietnam War is Doing to Canadian Business," *The Financial Post*, October 14, 1967, p. 1.
75. C. W. Gonick, "A Strange Kind of Neutrality," *Canadian Dimension*, III, No. 6 (September-October, 1966), 5.
76. "Defence Sharing Deal is Truly Big Business," *The Financial Post*, February 4, 1967, p. 2.
77. Text of the exchange of letters is in *The Globe and Mail* (Toronto), March 10, 1967, p. 7v
78. Quoted in Stewart, op. cit., 10.

## **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

### **Chapter 11: Canada's role in international peacekeeping**

*(All emphasis by the Web Ed.)*

**At least since the British, French and Israeli invasion of Suez in 1956, the Canadian government has consistently supported the idea of international peacekeeping. All politicians have claimed that Canada has a valuable role to play. Those on the right have argued that United Nations' peacekeeping is fully consistent with Canada's role as a supporter of the Western alliance system. Those to the left of centre have often argued that Canada should stress peacekeeping as an alternative to membership in the military alliance system.**

**(...)**

**Canada has also chosen to follow the path of "quiet" (or silent) diplomacy in cases where she has been involved in peacekeeping activities. Does this contribute to the solution of problems? Professor Gordon has argued that this practice, when it was applied to the U.N. operation in the Congo, contributed to an "unnecessary delay in securing a settlement there."<sup>34</sup> A more dramatic case would be in Vietnam, where Canada has chosen not to publicly protest the failure of the 1954 settlement and thus contributed to the escalation of the conflict to an all-out war. Can Canada effectively participate in peacekeeping operations without speaking out on the important issues involved?**

#### **Canada as a Delegate of the United States**

There is also the possibility that future U.N. peacekeeping operations will take the form of the "troika" proposal first advocated by the Soviet Union. The Soviet Union has on occasion objected to NATO countries being represented on peacekeeping forces. If the United Nations does not continue the trend towards representation by neutral or non-aligned countries, it could shift to operations composed of Western, Communist and neutral representatives. **Professor David Cox has argued that "there is an important element of representation in Canada's participation in U.N. peacekeeping activities generally which makes its pro-American, aligned position a reason for participation rather than a disqualification."<sup>35</sup> He feels that such a role encourages independence; if Canada "cannot be a Rumania, Canada must at least be a Poland of the Western Alliance. . . . Canada should affirm its basic sympathy with and support for the aims of the U.S. and the Western alliance, while maintaining an independent attitude on a range of specific subjects which makes its commitment, and the identity of interests, less than total."<sup>36</sup>**

While there was an element of this type of representation in the U.N. peacekeeping operation in Yemen, the best example has been Canada's role on the International Control Commissions in Indochina after the Geneva Agreement of 1954. Some insight as to Canada's political and diplomatic role in peacekeeping can best be seen by a more detailed look at what Canada has done on the Vietnam Commission.

On July 21, 1954, the Canadian government received a message from Great Britain and the Soviet Union, the co-chairmen of the Geneva Conference, stating that the Agreement on the Cessation of

Hostilities had been signed and that International Control Commissions had been established in the three countries, Laos, Cambodia and Vietnam.<sup>37</sup> **The three Commissions, based on the troika principle, involved Canada, India and Poland.** Canada had not been advised of the discussions at Geneva and did not even have copies of the relevant documents,<sup>38</sup> but was hardly in a position to decline. However, before accepting the Canadian government first consulted with and received the support of the government of the United States.<sup>39</sup> The Department of External Affairs announced that under the provisions of the agreement the three countries "will be responsible for supervision and the proper execution of the provisions of the agreement by the parties directly concerned."<sup>40</sup>

All parties to the conference — and the three countries on the ICC — agreed that Vietnam was to be one country. The Final Declaration declared that "the military demarcation line is provisional and should not in any way be interpreted as constituting a political or territorial boundary." This view was restated in the Agreement on the Cessation of Hostilities, in Article 14 (a): "pending the general elections which will bring about the unification of Vietnam, the conduct of civil administration in each regrouping zone shall be in the hands of the party whose forces are to be regrouped there in virtue of the present Agreement." In a press release of July 27, 1954, the Department of External Affairs recognized that "India, Poland and Canada are also expected to assume responsibility at a later stage for supervising elections."<sup>41</sup>

**Was Canada's first loyalty to the general principles of these agreements or to the policy of the United States? On July 16, 1955, Ngo Dinh Diem, who with the support of the U.S. government had established himself as President of the "State of Vietnam" in the Southern half of the country, announced that he was not bound by the Geneva Agreements. This position was protested by India and Poland, but was upheld by the Canadian government, following U.S. policy.<sup>42</sup> When July, 1956 came around, Canada, again following U.S. policy, refused to condemn the Saigon regime for refusing to hold the scheduled elections. By this time Canada's policy was described in different terms by the Department of External Affairs:**

(") In particular, the Canadian position has been that the Viet Nam Commission has not within its present terms of reference any responsibilities in connection with the elections to unite the two zones of Viet Nam as stipulated in the Final Declaration made by seven of the nine Powers participating in the Geneva Conference. . . . Canada has attempted to carry out her obligations in Indo-China in such a way as to complicate as little as possible her relations with major friendly powers with interests in the region, notably the United States, France and India.(")<sup>43</sup>

**From this time on, the Canadian government referred to the "two Vietnamese states," a direct repudiation of the principles of the Geneva Conference, but the policy position taken by the government of the United States.**

**Under John Diefenbaker, the Canadian government generally supported the ends of U.S. policy in Vietnam. In the majority report of June 2, 1962, India and Canada criticised the government of North Vietnam for violating the Agreement, but also criticized the United States. While this irritated the Kennedy Administration, it was defended by Howard Green, Secretary of State for External Affairs.**

**However, the Pearson Government frankly supported all the aims of U.S. policy in Vietnam.<sup>44</sup> The most dramatic illustration of this was the minority report of the Canadian delegation**

**on the ICC on February 13, 1965. The majority report by India and Poland had condemned the beginning of American bombings of North Vietnam. The Canadian dissent made no mention of the bombings and stated that "continuing instability" in Vietnam was the result of "the deliberate and persistent pursuit of aggressive but largely covert policies by North Vietnam directed against South Vietnam."<sup>45</sup> The case presented by the Canadian government for this "aggression" was almost a carbon copy of the quickly discredited U.S. State Department White Paper, "Aggression from the North."**

The Canadian representatives on the ICC have also made regular reports that have been transmitted to the U.S. government. President Johnson reported at his press conference on June 17, 1965, that he was receiving regular reports on Vietnam from the Canadian officials on the ICC.<sup>46</sup> Geoffrey Stevens confirmed this in an article he wrote for *The Globe & Mail* (Toronto), where he argued that Washington depended on these almost daily reports on the "political and military climate in North Vietnam."<sup>47</sup>

**In 1967 there were further reports of Canadian diplomats doing political reporting for the U.S. government. Gerald Clark, Associate Editor of The Montreal Star, reported that Canadian officials on the ICC had been acting as "informants for U.S. intelligence agencies." A similar charge was made by Tim Ralfe, a news reporter for the CBC. He claimed that Canadian officials in North Vietnam passed on photographs of U.S. bomb damage near Hanoi to U.S. officials.<sup>48</sup> The Prime Minister replied to the House of Commons on May 11, 1967 that Canadian officials were not engaged in "clandestine or spying activities." But as James Steele has noted, "a loyal ally does not spy; he simply exchanges information."<sup>49</sup>**

All this is consistent with the basic idea that Canada is the representative of the United States (and the West) on the ICC. There is no evidence that Canada has remained neutral in her general policies towards Vietnam. For example, our government gives financial aid to the Saigon regime, but none to North Vietnam. The Canadian government refused to interfere with the U.S. government when they ordered their branch plants in Canada not to sell medical supplies to Quakers who were planning to send part of them to North Vietnam, and they refused to complain when U.S. officials put pressure on branches of the Royal Bank not to allow the funds of the Society of Friends to be transferred to Canada. Canada permits the use of Canadian-built arms by the United States in Vietnam. Canada has tested chemical warfare agents and defoliants for the United States before they were used in Vietnam. Canada has consistently given diplomatic support for the American position in Vietnam. The Vietnam experience perhaps indicates that if Canada does have a future role in international peacekeeping, it will be as a spokesman for the United States under troika-type arrangements.

### **The Future of United Nations' Peacekeeping**

A number of problems exist today which raise doubts as to whether there will be any future U.N. peacekeeping operations which involve military forces to any significant degree. The procedural questions which are often raised are the most simple to solve.<sup>50</sup> The political conflicts between the West and the East invariably enter U.N. activities, and the experience in the Congo will undoubtedly make that institution more cautious and reluctant to intervene where Cold War problems are likely to arise. However, many of the conflicts in the world today are between the Western powers, particularly the United States, and

liberation movements in poor countries. The United Nations has not become involved in any of these. The large majority of the non-Western states which now make up the membership of the United Nations have a deep suspicion of the West, and the use of the United Nations as an instrument to support the status quo. They will closely scrutinize conflicts in the Third World.

**On the other hand, the United States has lost faith in the Uniting for Peace resolution and the General Assembly, now that it can no longer be completely controlled. Like the Soviet Union, the United States is rediscovering the advantages of the Security Council and the "veto." In the future, they most probably will continue to block U.N. peacekeeping activities which might alter the status quo.**

The major technical problem associated with peacekeeping activities is how to finance them. If it is now agreed that authorization must come from the Security Council, this will mean that the big powers must agree to all future activities. Even if they agree, many states will not contribute. For example, many of the Latin American states have taken the position that if the great powers are to have the power of deciding where and when peacekeeping activities are undertaken, then they should also have the privilege of paying for them.

To solve this problem, some countries (including Canada) have suggested financing peacekeeping operations by voluntary contributions of the members, under authorization from the General Assembly. This is the policy used in the Cyprus operation. In the case of the U.N. peacekeeping operations in Yemen and West Iran, the cost was divided among the parties involved, with the United Nations avoiding any regular assessments. Another alternative, independent financing, has never received significant practical support. These proposals are an attempt to bypass the basic political problems involved. But can the United Nations proceed on such a basis? Professor H. G. Nicholas notes the problem:

[“] [The solution used in Cyprus and Yemen] is to lease out the U.N. emblem to whoever is able and willing to pay the wages of those who wear it. An army of such mercenary soldiers might, in particularly favourable circumstances, hold the sky suspended while the diplomats worked out a settlement, but in most situations it would lack the only weapon which is any use — the moral authority of the organization. If the U.N. flag is on sale to any group in the membership which can pay for it, it is entitled to as much, or as little, respect, as its paymaster can command. The currency is debased and what is bought with it is a benefit of very dubious durability.[“]<sup>51</sup>

**Another proposal often supported by Canada is the creation of a permanent U.N. force for peacekeeping. This again is a technical solution, which does not deal with the basic problem, the political use of the peacekeeping force. The fact that the permanent force as envisaged in Articles 43 through 47 of the U.N. Charter has yet to be created is evidence of the inability of the major powers to agree on the basic questions involved.**

Today, a number of states (including Canada) have supported the creation of stand-by forces for U.N. peacekeeping activities. Yet even this far less ambitious proposal has had a rather cool reception. In 1951 the Collective Measures Committee asked the U.N. members to earmark national units for such use, but as Lincoln' Bloomfield notes:

(") The only relatively unconditional offers of national contingents were from Thailand, Greece,

Norway and Denmark for a total of 6,000 plus two destroyer escorts offered by Uruguay. Bearishness was already setting in when the Secretary-General in 1958-59 chose to poll as to their attitude toward stand-by arrangements only the 23 states which contributed to UNEF and the UN Observation Group in Lebanon.(")<sup>52</sup>

**In 1951 Canada earmarked one brigade for U.N. stand-by forces, the one created for participation in the Korean War.**

After the successful beginning of the UNEF operation in the Middle East, Lester Pearson again raised the issue in an article in *Foreign Affairs*, but to no avail.<sup>53</sup> He made another proposal to the U.N. General Assembly on September 19, 1963. However, this was right at the time when the United Nations was struggling to survive the problems created by the financing of UNEF and ONUC.<sup>54</sup> **In the three years that followed this proposal, only eight countries responded with offers: Canada, Denmark, Finland, Iran, Italy, The Netherlands, Norway and Sweden.<sup>55</sup> The non-aligned bloc did not offer to cooperate. As Professor Bloomfield notes, for most of the other members of the United Nations, "the attitude has been one of indifference or hostility."<sup>56</sup>**

**Forever optimistic, Lester Pearson tried again in December, 1966. The government of Canada introduced a resolution on peacekeeping at the U.N. General Assembly. The resolution called for (1) a reassertion of the right of the General Assembly to make peacekeeping recommendations when the Security Council failed to act; (2) a formula for the apportionment of peacekeeping costs; and (3) members to inform the United Nations of forces they had committed to future peacekeeping. The Canadian resolution was supported by the United States, but was opposed by France and the Communist states. A group of non-aligned states introduced a substitute resolution postponing a decision, and it passed. The press reported that Canadian officials expressed anger and amazement.<sup>57</sup>**

**Canada's stand-by force is not ideally suited for U.N. peacekeeping operations. In the first place, the earmarked force has traditionally been part of the two brigades stationed in Canada that were already assigned to NATO, as part of Canada's overall commitment of one complete division. Thus, the stand-by battalions have served in rotation with the Brigade stationed in Germany. This makes it more difficult to send these forces to situations which call for more neutral forces. Furthermore, these troops are trained and equipped for full-scale warfare, not peacekeeping. They have had to undertake special training before being sent abroad for U.N. peacekeeping operations. For example, in 1965 a 130-man artillery battery from the 4th Regiment was sent to Cyprus as part of the U.N. force. Of more significance is the fact that Canada has been called upon only twice to provide regular forces such as those in the stand-by brigade. The normal contribution that Canada makes is personnel for air transport, communications, and other technical and administrative personnel. As a result, most of Canada's contributions have not been recruited from the stand-by forces. The creation of the Mobile Command in 1964 has not really overcome this contradiction.**

**As a point of contrast, we should look at the approach of Denmark, Norway and Sweden, who are also strong supporters of the stand-by principle. In 1958 these three countries decided to jointly raise a force which could be used either as one force, or as independent units. Some important differences with the Canadian approach should be noted. First, the forces are being especially recruited for such service, as authorized by independent legislation. They shall be used solely for peacekeeping.**

Secondly, they are being especially equipped and trained for the type of operations the United Nations has had to undertake in the past, and not for general warfare. They operate as a reserve unit; after the special training they are demobilized. However, their governments insist that they can be in the field in two or three days. Thirdly, the force is to be placed solely under the control of the United Nations, with the government retaining the right to restrict the participation.

**They are at U.N. command; they are not under the authority of the regular military forces "of those countries.<sup>58</sup>** Finally, they have had the good sense to organize this force (between 3,000 and 4,000 men) according to the general needs of U.N. peacekeeping, and in particular those requirements usually requested from Western states. Denmark is providing one infantry battalion, one signal unit, one medical unit, one military police unit, staff personnel, observers and movement control personnel. Norway is providing naval and air force units, one movement control team, one military police unit, one surgical unit, one hygiene unit and staff personnel. Sweden, as the neutral member, has stressed the commitment of infantry personnel, fulfilling the role she has been called upon to provide in the past.<sup>59</sup>

**In conclusion, it seems likely to expect that the Canadian government will continue to place a low priority on peacekeeping activities, when considering a defence policy.** If present trends continue, with the non-aligned countries exerting their voice at the United Nations, future U.N. peacekeeping activities, if any, will stress the use of personnel from non-aligned states. Under these circumstances, Canada may continue to provide technical service which the new states would have difficulty providing. But it is not likely that Canada will be called upon to make any significant contribution. However, if the troika system is introduced, then Canada will most likely be called on to contribute as a representative of the Western countries. On the whole, however, it does not appear likely that there will be any major peacekeeping activities in the foreseeable future.

#### FOOTNOTES (*Notes #4-11 & #13-59 on file – Web Ed.*)

1. Paul Hellyer, *White Paper on Defence* (Ottawa: The Queen's Printer, March, 1964), p. 24.
  2. Paul Martin, speech at Waterloo Lutheran University Convocation, *Statements and Speeches*, No. 67/18 (May 22, 1967).
  3. For example, the Pearson Government argued that "as the spectrum of conflict varies, so does the method of counter-action. At the high end of the scale—the deterrence of nuclear and major non-nuclear war--the method of proven record is the association of free nations in the NATO. In respect of lesser conflict, the United Nations has shown itself to be a valuable stabilizing influence." *White Paper on Defence*, p. 12.  
(...)
- 12. The fact that the United States got a couple of states in Latin America to join with her in the occupation of the Dominican Republic in 1956 would not, in my opinion, make this a legitimate international peacekeeping operation.**  
(...)

# **Partner to Behemoth**

The Military Policy of a Satellite Canada

**John W. Warnock, 1970**

## **Chapter 12: Conclusion**

*(All emphasis by the Web Ed.)*

**The textbook theory of how states formulate foreign policy appears as a rather simple process. There are political leaders charged with this task, and they are supported by the professional experts. It is factors of power, we are told, which determine how these leaders rationally choose alternatives. The end always being sought is the preservation of the sovereign independence and the nation-state.** To a large extent this process can be reduced to mere quantitative measurement: relative size of population, natural resources, industrial capacity, strength of military forces; geographic position, technology and level of economic development. Those who make policy measure the power of their own state against the others in the system, and in particular against their immediate neighbours.

In the international competitive system, every state is ranked on a hierarchical basis. Their foreign policies, it is argued, are directly related to where they stand in the system. Defence policy is heavily influenced by the policy of the neighbouring states. For example, it would be judged irrational for a country like Nepal to try to build an armed force to act as a defence against her neighbours, India and China. A logical policy would call for permanent neutrality and unilateral disarmament, for the existence of Nepal as an independent state depends on the sufferance of her neighbours. On the other hand, a state like France, which exists next to states of similar size and power, could justify a defence force if threatened in a military way by these neighbours.

For Canada, then, the rational policy-maker should see that there are only two countries today which could threaten our sovereign independence, the United States and the Soviet Union (*Russia*). However, it should be clear that Canada could not create a defence force which could in any meaningful way defend our territory from an attack by either of these two super-powers. Therefore, a rational policy would be a small military force combined with a policy designed to avoid antagonizing either neighbour in the hope that they will let us alone. **But the greatest threat to Canada in the period of the Cold War has been the possibility of a nuclear war between the Soviet Union and the United States. Because of our geographic position, such a war would bring us wide devastation, if not total annihilation. Therefore, our foreign and defence policy should have been oriented to doing everything in our power to reduce the possibility of a war between these two giants. Has this been the case?**

Since the end of World War II, our political leaders have argued that the only threat to Canada has come from the Soviet Union. Furthermore, they have concluded that the only rational policy was to join the alliance systems led by the United States. Only through this policy could Canada have kept the Soviet Union from invading and occupying our country.

Today many people are beginning to question whether the Soviet Union was ever a threat to Canada's sovereignty and independence. They are also beginning to see that the country which really threatened Canada's sovereignty in this period has been the United States. There is a great deal more to a nation-state than mere territorial separation. Is a country sovereign when 70% of its trade is with one country which is far greater in power? Can a country be considered sovereign when most of its economy is owned by foreign interests, and in particular by one super-power? Can a territorial state be considered a nation when it has no separate culture, when its mass media and communications are heavily dominated by the same large foreign state? In all important areas, Canada is a "colony" of a great power, the United States. Only today, with the

dissolution of the traditional empires of the 19th century, the appropriate word is "satellite." It takes far more than a Standing army to preserve the sovereign independence of a nation-state. There must be a political leadership which puts a value on these ideals.

### **The Role of the Small State in the Alliance Systems**

On August 21, 1968, most of the people in the world were stunned by the reports that the (*Russian*) Soviet Union had occupied Czechoslovakia, presumably to end the "liberalization" movement which was developing under the regime headed by Alexander Dubcek. The militarists everywhere rejoiced, proclaiming the end of the "thaw" or "detente" between the Soviet Union and the United States. The crisis would enable the Soviet Union to insist on retaining her troops and influence in the Eastern European countries. It would end the popular demands in the Western countries for a reduction of military spending and withdrawal of troops from Europe.

The significant fact was that the occupation was not just by the USSR (*Soviet Russia 1917-1989*) but included military forces from other Warsaw Pact states.<sup>1</sup> Therefore, it could be masked as an "alliance" decision. A number of arguments were advanced to rationalize the invasion; that most often cited was the existence of "counter-revolutionaries" backed by West German and American forces. Socialism was being subverted by indirect aggression. Supporters of the military alliance system in the West argued that we should all be increasing NATO's military capabilities because of the size and effectiveness of the Warsaw Pact forces, which were likely preparing to invade West Germany next.

**The Soviet Premier, L. I. Brezhnev, announced that the Soviet Union had the right, as leader of the "socialist commonwealth," to decide whether or not the direction of a government of an allied state threatened the interests of the Warsaw Pact members. The announcement had a striking similarity to the Truman Doctrine of 1947, where the U.S. government announced that it would aid "free peoples" the world over who were trying to resist "indirect aggression." That Doctrine was first applied in Greece in support of the Royalist regime imposed by the British on the Greek people. More recently, it reminds us of the declaration of the Johnson Administration during the occupation of the Dominican Republic in 1965, supported by a joint resolution of Congress, that the U.S. government would not tolerate communist regimes in Latin America, regardless of whether they took office by "free elections." The Organization of American States, it will be recalled, authorized the occupation and a few American allies sent supporting troops.**

(...)

**The Marshall Plan was designed to tie the economies of the European states to the West and to capitalism. As the Foxes have noted, the International Bank for Reconstruction and Development (World Bank), the International Monetary Fund (IMF), the General Agreements on Tariffs and Trade (GATT) and the Organization for Economic Co-operation and Development (OECD) "were intended to aid in promoting world trade and thereby American trade. . . . From the point of view of the United States, each of the economic organizations was intended to prevent a number of undesired events: trade clashes, discrimination against United States commerce, predatory manipulation of exchange and trade controls, spread of economic recession, pressure for changes in the price of gold, and the like."<sup>7</sup> These economic organizations "have been looked upon as useful instruments for coordinating policy in areas where non-coordination would be injurious to the American economy. . . . Although it was not mentioned publicly, the economic organizations also were means, as were SEATO, NATO, and the OAS, of extending American influence into areas otherwise closed to the United States. . . ."<sup>8</sup>**

(...)

### **The Evolution of Canadian Defence Policy**

**As one studies Canadian defence policy in the period of the Cold War, there is one central fact which quickly emerges: our political leaders in Ottawa have viewed the world in the same perspective as the**

**political leaders in the United States. They have concluded that the correct foreign and defence policy for Canada is as a junior partner in the Western Alliance system, following the leadership of the United States. It is true that on a few minor occasions our officials have deviated from U.S. foreign policy. But on all major issues over the past twenty-five years, Canada has stood firmly beside the United States. In effect, our political leaders have decided that Canada's national interests are the same as those of the United States. In the area of specific defence policies, the thinking of Canadian leaders has followed closely that of the United States.**

**Canadian political leaders were quick to take up the crusade against communism in the post-war world. As early as 1945 they assumed a hostile position towards the foreign policy aims of the Soviet Union. They rejected the role of the United Nations as a force for mediation and conciliation between the United States and the Soviet Union and supported its use as an arm of Western foreign policy. Canadian leaders did not hesitate to conclude far-reaching alliances with the United States for the containment of communism.**

**In the military area, this meant Canada developed a peacetime military force, stationed in Europe. When the United States asked Canada to adopt nuclear weapons, in NATO and NORAD, their will prevailed. Our F-104 Star-fighters in Europe assumed an offensive role as a strike force for dropping nuclear weapons on targets in Eastern Europe. The Fourth Brigade also acquired tactical nuclear weapons. This was American policy, and our leaders followed.**

The Canadian government spent substantial sums of money maintaining an anti-submarine (ASW) role for the Royal Canadian Navy, integrated into the Atlantic Ocean Command (SACLANT). In wartime they would be under the general direction of U.S. forces stationed at Norfolk, Virginia. While our naval experts admitted that the chief Soviet threat to North America was the submarine-launched nuclear missile, and that our ASW forces could not deal with this threat except after the fact, no one questioned the policy.<sup>15</sup> **As junior partners, this was not considered proper.**

**The same was true for North American defence schemes. Our political elite agreed to all the proposals for "military cooperation." We even allowed American B-52 bombers to fly "fail-safe" missions over Canada to the Soviet border. When the Canada-United States Regional Planning Group was created as a part of NATO, our leaders acquiesced to the American view that it should be an autonomous organization, not under the control or direction of the NATO Council. It has never done more than present NATO with short, summary documents to the NATO Standing Group for formal approval.<sup>16</sup> Our leaders made no effort to bring the U.S. nuclear strike force under the authority of the NATO alliance; they were willing to allow it to remain strictly a U.S. weapons-system.**

But even outside the formal alliance system we can readily see the influence of U.S. strategic thinking on the Canadian armed forces. Presidents Kennedy and Johnson concluded that in the future more of the wars facing the Western powers would be of the counter-insurgency variety, similar to those being fought in Southeast Asia. The policy change was accepted by the Pearson Government, reflected in the White Paper on Defence presented by Paul Hellyer in 1964. **The Mobile Command was formed. It had very little to do with NATO strategy and nothing to do with NORAD. It is a "peacekeeping" force, in the broad sense of the term used by Canadian and American officials. It was equipped to fight counter-insurgency (or counter-guerrilla) warfare.** The Pearson Government made the decision to purchase the Northrup F-5 Freedom Fighter, a ground-support fighter-bomber used in Vietnam. It is not suited for use in

NATO, and it is not a supersonic interceptor which could be used as part of the Canadian contribution to NORAD. At the same time, the Department of National Defence began to purchase helicopters in large numbers. **The very next year, members of the Mobile Command participated in exercise "Keep Safe", a large counter-insurgency manoeuvre similar to the style of fighting required in Vietnam.<sup>17</sup>**

**From this time on, the Canadian Forces received regular training in counter-insurgency warfare. This has included exercises at Vieques Island off Puerto Rico, the island owned by the U.S. Department of Defense and used regularly by them to practice the invasion of Cuba. Canadian units have been training in the Rocky Mountains in Alberta, "stalking the terrorists," as the Canadian Armed Forces calls it. Others have been sent to Australia for "training in jungle warfare." And now, several times a year, Canadian Forces in large numbers are going to Jamaica to practice counter-insurgency warfare in tropical conditions.<sup>18</sup> Public opinion may prevent the Canadian government from committing Canadian Forces to Southeast Asia or Latin America, but just in case it does become possible, our leaders in Ottawa want to be prepared.**

**More recently, since the rise of riots, rebellions and internal conflicts in the United States, the Canadian Forces have been undergoing training in riot control, described as "support for civil authorities." In his famous speech at Queen's University in November, 1968, the Prime Minister, Mr. Trudeau, stated that he thought that spreading unrest in the United States, possibly developing into civil war, was a greater threat to Canada than any likely military action in Europe. Troops trained in riot control are now available and stationed at Canadian Forces bases at Victoria, Chilliwack, Calgary, Winnipeg (Shilo), Petawawa, London, Val Cartier and Gagetown.<sup>19</sup>**

**In July, 1969, the regular exercise at Camp Gagetown came under attack from Canadian labour leaders. "Operation Pinecone" involved an army exercise in putting down a civil insurrection led by a labour leader. Leo Cadieux, the Minister of National Defence, insisted that this was not an attack on labour unions in Canada, but simply training for "command and control and in urban control."<sup>20</sup> He emphasized that "Canadian troops had to be trained to meet all kinds of civil unrest situations so as to be ready to handle rioting crowds or civil disobedience at home, especially if provincial governments call for assistance."<sup>21</sup> In October, 1969 Canadian Forces were sent to Montreal to protect business property in the downtown area from riots allegedly inspired by separatists.**

### **Determining the Canadian National Interest**

**As some writers have pointed out, it was not inevitable that Canada join the alliance systems in the post-war period, and we do not have to remain in them. Political leaders could have decided to make the United Nations the centre of Canadian foreign policy. Different federal and provincial policies could have prevented the takeover of the Canadian economy.**

**(...)**

**And when it comes to looking at North American defence, we should ask which groups benefit most from the integration of Canada into the American system? Who profits when Canadian industries are sold to Americans? Who profits when the economy remains one of exporting primary goods to the United States and importing manufactured products? Who benefits from defence**

**production integration? Who decides that the best way to stimulate the economy is to take tax dollars from the people and present them as grants to private enterprise?**

**A number of people have argued that the integration of Canada into the United States, a process which has accelerated during the period of the Cold War, was not in the Canadian "national interest." They argue that it has destroyed the original idea of Canada as a nation-state, separate from the United States, united sea to sea. Why did this happen? Why did our national bourgeoisie sell their firms to the first foreigners (usually American) who made an offer? Why did our political leaders in Ottawa sell out our independence?**

In contrast to the United States, there has been little done in the way of seriously examining who the people are who determine policy in Canada. Nevertheless, we do have some idea of the type of political leaders who have made these decisions for us.

(...)

John Porter's monumental study<sup>24</sup> revealed that the political elite in Canada are very unrepresentative of the society as a whole. Of the sample group he studied, he found that 86% of them had university degrees; 29% had gone to private schools. In addition, 75% of them were of Anglo-Saxon background. Two-thirds of them were lawyers, and the next highest occupation represented was business. All of these characteristics reveal that the political elite in Canada, while perhaps originally drawn from the upper middle class, represent the highest income groups in society. Their view of the "national interest" would most likely be different from that of farmers and labourers, for example. As John Porter notes, "in Canada, it is the homogeneity of political leaders in terms of education, occupation and social class which gives the political system its conservative tone."<sup>25</sup>

(...)

**Canadian foreign aid policy has stressed the support of private investment in under-developed areas, tied aid, and export credits, all of which primarily assists Canadian business. Professor Porter concludes that "this close partnership of bureaucrats and Liberals worked harmoniously with foreign and native corporate elites during one of the most prosperous periods in Canada's economic history."<sup>32</sup> This was the period of economic and defence integration with the United States—the period of the Cold War.**

(...)

So far this discussion has been limited to an examination of who formulates our foreign and defence policy. Of equal importance are the institutions through which the public in general acquires its view of the "national interest." It is almost a cliche to state today that the mass media and the educational institutions of our society are owned and controlled by the upper class and tend to reinforce the prevailing liberal capitalist ideology. In addition, the publications industry in Canada is almost completely dominated by American firms. The daily press is heavily dependent on U.S. news sources. The American influence reinforces the ideology of private enterprise, "quiet diplomacy" and continentalism.<sup>3 7</sup> There is no press in Canada which dissents from the status quo.

The same thing is true in broadcasting.<sup>3 8</sup> Private radio and television stations are owned by the upper class, and their ideological position reflects the interests of that social class. Even the publicly-owned CBC provides little dissent. In effect, the public is constantly bombarded with a one-dimensional view of Canadian society, that the private-enterprise liberal society is the best of all possible worlds, and that

Canada's close attachment to the United States benefits everyone.

(...)

In the face of a united front of elites committed to the Cold War, continentalism and private enterprise, and with the institutions of society reinforcing the ideology of the upper class, it is wrong to expect that the interest groups in society which may not benefit from the prevailing concept of the "national interest" will be able to have any significant influence on the direction of foreign policy. In the view of many people, the integration of Canada into the American empire has not been in the "national interest." But anti-communism, the Cold War, and continental integration *has* benefited the class which has determined our foreign policy since the end of World War II. It is their special interests which have been equated with the "national interest."

**In conclusion, then, it is time to recognize that NATO -- like the Warsaw Pact — is an instrument for great power control and influence over smaller powers. Historically, this has been referred to as "imperialism." It is also time to recognize that NORAD and the other agreements between Canada and the United States are not that significant to the U.S. military effort, but are institutions through which the United States can influence the development and direction of Canadian policy. Those who wish to see Canada move towards economic and military independence, and sovereignty, must seek support for Rumania's call for an end of all military alliances and the stationing of troops in foreign countries. This would be the vital first step towards sovereignty for small states.**

**At the same time Canadians must recognize that the development of Canada's satellite status has not been merely an accident. Our political and economic leaders knew full well what was happening. Their repeated refusal to use the political power they had in Ottawa to restrict the trend, or to do anything about it now, is evidence of the fact that they have largely benefited from satellite status.**

***Today, there is no bourgeois class left in Canada, only a comprador class. If there is to be any movement for change, then it must be rooted in those groups of peoples across Canada who do not benefit from the status quo.*** (All emphasis by the Web Ed.)

#### FOOTNOTES (Notes #4-14&7 #25-31 & #34-36 on file – Web Ed.)

1. Malcolm Mackintosh, *The Evolution of the Warsaw Pact* (London: Adelphi Paper No. 58, The Institute for Strategic Studies, June, 1969), pp. 11-15.

2. William T. R. Fox and Annette B. Fox, *NATO and the Range of American Choice* (New York: Columbia University Press, 1967), p. 36.

3. *Jan F. Triska and David D. Finley, Soviet Foreign Policy* (New York: The Macmillan Company, 1968), p. 205. *It is amusing how liberals in Canada argue that the close economic ties between the Eastern European countries and the Soviet Union, and the relative differences in power, make these states economic satellites of the Soviet Union but then argue that the same relationship between Canada and the United States does not make Canada an economic satellite.*

(...)

15. Admiral H. S. Rayner, House of Commons, Special Committee on Defence, *Minutes of Proceedings and Evidence*, No. 4 (July 9, 1963), 87.

16. General Andre Beufre, *NATO and Europe* (New York: Vintage Books, 1966)p.37

17. "Helicopters on Manoeuvres," *Canadian Aviation*, XXXVIII (Sept., 1965)p51

18. *Some of these are reported in Sentinel, the official publication of the Canadian Armed Forces. For example, see the issues of May, 1967, April, 1968, May, 1968, July-August, 1968, February, 1969, and June, 1969. Also see "Learning to Fight the Dirty Way," Weekend Magazine (November 22, 1969). "Vietnam Village" training facilities exist on the bases at Petawawa, Chilliwack and Borden.*

19. Clive Baxter, "Riot Trained Troops Available—Eventually," *The Financial Post*, October 18, 1969, p. 5.
20. *House of Commons Debates* (July 22, 1969), 11463-11464.
21. "Military Scenario on 'Mythical Union' Angers NDP," *Ottawa Citizen*, July 23, 1969, p. 13.
22. Hans J. Morgenthau, "The Problem of the National Interest," in *Dilemmas of Politics* (Chicago: University of Chicago Press, 1958), p. 66.
23. *Ibid.*, pp. 50-51, 66.
24. John Porter, *The Vertical Mosaic* (Toronto: University of Toronto Press, 1965), p. 386. Those included in this study were the federal Cabinet ministers between 1940 and 1960; the provincial premiers in office during the same period, all justices of the Supreme Court of Canada; Presidents of the Exchequer Court; and the Provincial Chief Justices who held office during this same period.  
(...)
32. Porter, *op. cit.*, p. 452.
33. O. D. Skelton, *Socialism: a Critical Analysis* (New York: Houghton Mifflin Co., 1911); *Life and Letters of Sir Wilfred Laurier* (Toronto: Oxford University Press, 1921).  
(...)
37. For example, see Neil Compton, "The Mass Media," in Michael Oliver, ed., *Social Purpose for Canada* (Toronto: University of Toronto Press, 1961), pp. 59-87; Porter, *op. cit.*, pp. 457-491; and John W. Warnock, "All the News it Pays to Print," in Ian Lumsden, ed., *Close the 49th Parallel, etc.* (Toronto: University of Toronto Press, 1970), pp. 117-134.
38. See Compton, *op. cit.*; Porter, *op. cit.*, pp. 457-491; and Frank Peers, "Oh Say, Can You See?" in Lumsden, *op. cit.*, pp. 135-156.
39. Porter, *op. Cit.*, p. 492